

# 2018

## ANNUAL REPORT



**Rural Financial  
Counselling Service**  
Victoria – Gippsland

**Supporting Agriculture & Rural Businesses**







**Rural Financial  
Counselling Service**  
Victoria – Gippsland



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# OUR VALUES

*Our values reflect how we work with our colleagues, stakeholders, and community*



## Respect

We treat everyone with dignity; express genuine care and concern for others; and have an appreciation that all people and circumstances are different



## Integrity

We treat everyone with honesty and fairness, in a professional and engaging manner, and we take responsibility for our actions



## Trust

We build trust by being open, honest, respectful and reliable with each other and with our clients



## Achievement

We are inclusive and recognise the contributions and achievements of everyone involved in our success



## Communication

We value the opinion of others and commit to fostering a culture of open and honest communication and transparent and fair decision making

# OUR PURPOSE

*Proudly supporting agricultural and rural businesses to become more profitable, resilient and sustainable*

We have supported rural communities for over 30 years as a Government funded program offering a team of experienced Rural Financial Counsellors providing support to farming communities through free, confidential and independent assistance to agricultural industries and small rural businesses.

## Our Objectives

Provide a professional service with one-on-one personal support

Help clients understand their financial position and viability

Provide business improvement options, explore opportunities, and manage risks

Support clients to implement plans, embrace change and make adjustments

Improve future financial capabilities and management skills

Achieve self-sufficiency

providing access to:

Support Agencies

Professional Services

Industry Specialists

Government Assistance



# OUR BOARD & MANAGEMENT



## Chairperson

### AUBREY PELLETT

*Dip Farm Mgmt. B.Commerce (Farm Mgmt Major) Post Grad Dip Info Systems, GAICD*

Aubrey has been a Board member since 2012 & is an Audit Sub-Committee member. Residing in West Gippsland, Aubrey has operated a dairy farm business since 2002, previously working in rural & retail banking, as well as Bonlac Foods as a field officer in Gippsland. During 2010-14 Aubrey was Director of GippsDairy, is currently the Deputy Chairperson of the Bonlac Supply Company, a Fonterra Forum Delegate, & was recently appointed to the Agribusiness Gippsland Board.



## Deputy Chair

### RICHARD HABGOOD

*Dip. Ag, B. Economics, Grad.Dip. Marketing, Grad.Cert. Evaluation*

Richard has been a Board member since 2010, previous Chair, & is a Remuneration & Governance Sub-Committee member. Residing in West Gippsland since 1979, Richard gained broad experience across Gippsland's agriculture sector at the Dept. Primary Industries as a farm management economist, field services delivery manager, policy developer, and dairy RD&E program manager. Since then, Richard has consulted industry & government organisations, & is now an active volunteer in his community.



## Treasurer

### ROBIN LOWE

*Fellow Chartered Accountant. B. Business Reg'd Tax Agent and Reg'd Company Auditor*

Robin has been a Board member since 2012, previous Deputy, & is the Chair of the Audit Sub-Committee. Robin grew up on a South Gippsland dairy farm & is now Senior Principal of Crowe Horwath, an integrated financial service provider in Gippsland. Robin has over 35 years public practice within advisory roles of a diverse SME client base. Robins has a keen interest in NFP sector, is President of the Sale Tennis Club & serves on advisory committees within Tennis Victoria.



## Secretary / Public Officer

### LEONIE COLEMAN

*Cert. Gen. Nursing, Adv. Cert. SACS, GAICD*

Leonie has been a Board member since 2008 & is a Remuneration & Governance Sub-Committee member. Growing up on a dairy farm in Tinamba, she then managed a beef property in Glenmaggie. Leonie also trained as a registered nurse & has worked in corporate roles in both health & community sectors, as well as managed private businesses. Leonie has extensive knowledge of accounting principles, human resource management & all legal facets of publicly funded organisations.



### GARRY VAN SINDEREN

*Dip. Business (Accounting)*

Garry has been a Board member since 2010 & is an Audit Sub-Committee member. With a dairy farm background, Garry has had a varied career within the Banking industry, Water, Catchment & Wastewater management, as well as the Aged Care sector. This range of work resulted in extensive experience in Board governance, human resources & financial management of NFPs. Garry was appointed a Justice of the Peace in 1996.



### CLARE ADAMS

*Victorian State Bail Justice*

Clare commenced as a Board member in early 2018 bringing extensive experience within the financial services, banking & employment industries. Currently residing in Sale, Clare has considerable experience on Boards in Education & Aged Care sectors, with specific expertise in finance & audit.

A previous member of the Regional Small Business Partnership & Reference Group, Clare is highly involved in caring for her local community.



## RETIRING BOARD MEMBERS

**CHRIS TROTMAN**

**GEOFF STEPHENS**

We said goodbye to two of our long standing and experienced Board members, Mrs Chris Trotman and Mr Geoff Stephens, who recently retired from RFCS Gippsland Board.

Geoff had been a Board member since 2011 and came with extensive farming experience in Gippsland within both dairy and beef. Geoff was instrumental as the founding member of Vic Stock, initially formed to get a fairer price for calves and cattle, and continues to maintain his interest in the affairs of the farming industry and rural issues.

Chris had been a Board member since 2012 and with a background in nursing; accounting and business management with various non-executive director roles, she is currently the CEO of South Gippsland Hospital as well as a Board member of Parks Victoria.

Geoff and Chris brought enormous value to RFCS and we can't thank them enough for their years of service and significant contributions.



### Executive Officer

#### **KYLIE HOLMES**

*CPA, B. Business (Accounting), GAICD*

Kylie commenced as Executive Officer of RFCS Gippsland in September 2016 bringing extensive experience in the Banking and Finance industry, as well as Water and Wastewater agencies in rural areas of Queensland and Victoria, holding roles such as CFO, ICT Management, Regulation and Business Services. Kylie was often involved in pricing and water supply to rural, remote and farming communities.



### Finance & Administration Officer

#### **MEGAN COLAHAN**

*Dip. Business Administration, Cert. III Small Bus. Management*

Megan was employed by the Gippsland Farmers Support Group prior to the merge of the two Gippsland services in 2006. Megan is responsible for managing all financial aspects of the service including payroll, tax, statutory and Government reporting obligations, as well as providing administration support to the Counsellors and Executive Officer.

# OUR FINANCIAL COUNSELLORS



**Senior Coordinator**

**JENNY MASON**

*Business (Accounting), Dip. Community Services – Financial Counselling.*

Jenny was appointed Senior Counsellor in 2009 after working as a Rural Financial Counsellor & Project Officer focused on farm succession, selling, diversification, employment & retirement. This work culminated into an industry presentation, workbook & DVD. Jenny grew up on a dairy farm and continues to be a farm business owner which provides her with a comprehensive & practical understanding of both business and operational issues confronting Gippsland farmers.



**Counsellor**

**ANNE GILLIGAN**

*Dip. Community Services – Financial Counselling*

Based at our Leongatha office, Anne started as a Rural Financial Counsellor in January 2010. She brings extensive experience to Gippsland farmers with a background in finance, having previously worked at the Commonwealth Bank & a local finance organisation, as well as the former Dept. Primary Industries in various administration roles.

During this time, Anne owned & operated a family dairy farm in Buffalo.



**Counsellor**

**WAYNE SANDERS**

*Dip. Financial Counselling – Rural*

Based at our Leongatha office, Wayne started as a Rural Financial Counsellor in June 2016, bringing 25 years of experience in banking & finance within Gippsland as a Regional Finance Manager with Wesfarmers, Branch Manager with Bendigo Bank, & Area Finance Manager with Westpac/AGC. Previously working as an employment consultant & retail manager in Leongatha, Wayne has also been a CFA firefighter for over 20 years, delivering invaluable, extensive & diverse experience to our farming businesses.



**Counsellor**

**TRUDI LAING**

*Dip. Agriculture, Cert IV Training & Assessing, Dip. Financial Counselling - Rural*

Based at our Maffra office, Trudi started as a Rural Financial Counsellor in July 2016, bringing previous experience as a South Gippsland dairy farmer of 24 years.

As well as dairy farming, Trudi has a background in IT training, water sector procurement, accounts administration and also previously worked at the Commonwealth Bank.

This type of varied experience means Trudi can deliver meaningful assistance & support to our local farmers.



**Counsellor**

**WAYNE JEFFERIS**

*B. Business (Accounting), Fellow CPA, Dip. Financial Counselling - Rural*

Based at our Bairnsdale office, Wayne started as a Rural Financial Counsellor in July 2017, bringing extensive experience in Public Accounting, as well as beef farming in South Gippsland. As an Accounting Partner, he worked with farmers & rural business clients assisting with all forms of finance, compliance, management & succession planning matters. These skills were an easy transition into Financial Counselling where Wayne can help plan for a well-managed future for our rural & farming business owners.



**Counsellor**

**JANE COOTS**

*B. Business Commerce (Accounting), Dip. Financial Counselling - Rural*

Based at our Ellinbank office, Jane started as a Rural Financial Counsellor in April 2016 supporting clients across West Gippsland & the Yarra Ranges. Previously operating as an accountant, Jane is working towards a CPA accreditation. As well as accounting experience, Jane was a dairy farmer in Trafalgar for 15 years & is currently a Board member of Trafalgar Community Bank, bringing significant practical experience & knowledge to our Gippsland farmers.



## RECENT COUNSELLOR

**SARAH BARDSLEY** *Dip. Financial Counselling – Rural (current)*

Sarah commenced as a Rural Financial Counsellor in April 2018, operating from both our Maffra and Ellinbank offices, she assists farmers throughout Gippsland.

A Gippsland resident with decades of business management experience, as well as significant working knowledge of the dairy industry and issues directly impacting our rural communities, Sarah was instrumental in supporting farmers by developing the *Heyfield Financial Counselling Community Outreach Program*. This passion for helping farmers is what brought her to RFCS Gippsland.



## RETIRING COUNSELLOR

**MARSHALL SCOTT**

Marshall had been a Financial Counsellor since 2002, assisting well over 600 farmers throughout his career, often helping navigate through serious disasters and crises.

Marshall was often the face of RFCS Gippsland as a spokesman representing the assistance we provide our farming communities. As well as years of practical farming experience, and being our in-house fisheries expert, he holds numerous qualifications in Agribusiness, Horticulture, Agriculture, Accounting and Financial Counselling.

Clients often commented on Marshall's approach to counselling, particularly of his great empathy, understanding, and immense knowledge.

It was sad to say goodbye to such an esteemed Counsellor, but we wish Marshall all the best with his future plans and are forever grateful for his invaluable contributions to RFCS Gippsland and our farmers.



“With continuing drought conditions increasing much needed support for our agricultural communities, it is fantastic news that the Federal Government have agreed to secure our services into 2020. We can now continue to ensure our farmers receive all the assistance they deserve to help them through these challenging times.”

Chairman RFCS Gippsland

*Aubrey Pellett*





# OUR ACHIEVEMENTS

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We have achieved positive results during 2017-18 with proven client outcomes including competencies; goal achievement; financial independence; and overall client satisfaction. The latter part of the year delivered a spike in service demand due to the severe impact of drought conditions and the Government's extension of the Farm Household Allowance.



Launched Website & Monthly Newsletter.  
Reviewed & Updated Strategic Plan.  
Implemented a Risk Management Framework



Improved Community Engagement & Awareness.  
Enhanced Data Capturing & Analytics.



Increased Service Enquiries and  
Outreach Activities.

## 95%

Clients gained skills to  
better manage business

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## 98%

Client Satisfaction  
survey results

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## 0

Client Complaints

## Future Focus

### Be recognised as the leader of rural business support

Our key focus for 2019 is to shift client engagement from reactive short-term default support, to more proactive assistance that will strengthen sustainable; longer-term solutions, whilst still providing much needed emergency relief.

To further support the viability of our rural communities, we will extend our services to small rural businesses to assist with financial information and management; forward business planning; as well as coaching, with the aim to improve decision making, business performance, and ultimately support clients to achieve their goals.

Developing into a more holistic counselling service that takes into consideration all needs of our clients, we will enhance partnerships with local Counsellors; Health and other non-financial Professionals, to offer a complete support structure.

Foundation work in 2018 allows us to be well placed in addressing challenges, as well as meet our targets for the coming year, including:

- Enhanced service offerings and cementing a leadership position in rural business planning;
- Leverage our expertise and experience to create programs and opportunities delivering financial resilience to rural communities;
- Deliver on the high demand for government initiatives while continuing to focus on longer-term client outcomes;
- Rebrand messages to encourage early engagement of clients to provide proactive support;
- Increase service awareness and reinforcing effective referral networks;
- Demonstrate the value of our clients' journey of support and change

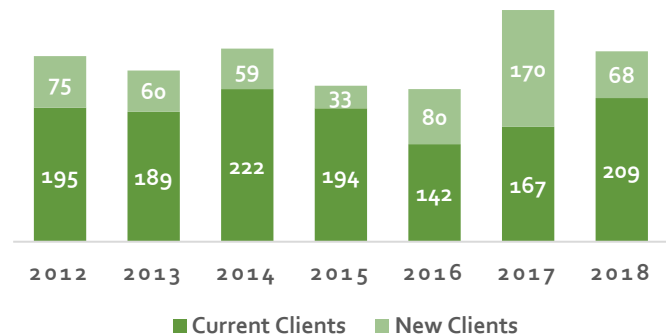
# CLIENT PROFILE

**277**  
**Total Clients**

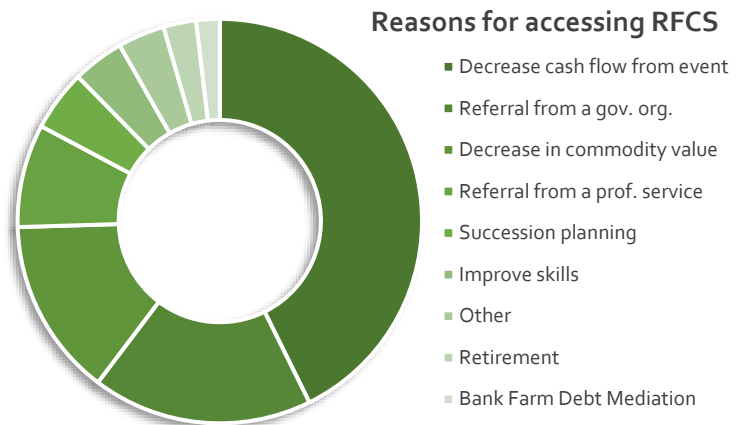
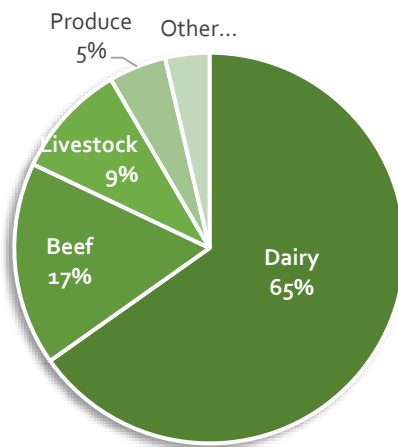
Clients currently in line with longer term trend  
(2016-17 increase due to dairy industry downturn)

## 24 Returning Clients

- Impact of drought conditions
- Increased personal stress levels
- Increased debt/declining profits
- Seeking business improvements



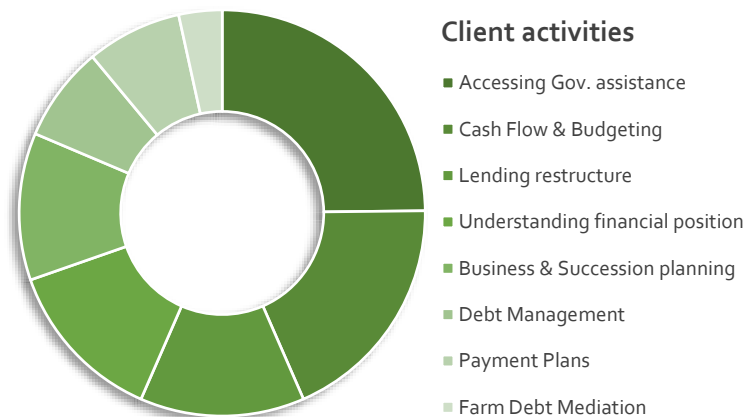
Dairy businesses are experiencing better trading conditions due to an increase in average milk prices, however recovery will take several years of improved prices to see businesses prosper.



Dry conditions in Central and East Gippsland presented additional workload to assist with Farm Household Allowance, Concessional Loans, and planning for dry weather impacts, such as:

- Fodder access, price and quality
- Sale of breeding stock
- Farmer health
- Higher interest rate potential
- Bank and creditor repayment pressure
- Farm sale
- Increased drought related pests
- Water supply

Banks tightening lending criteria, affecting farmers who pay interest only and juggle creditors, could potentially become an emerging issue of increased Farm Debt Mediation activity in the future.



*Survey results identified clients feel they have a better understanding of government assistance, business planning, use of cash flow and budgets, and clarity of options available to make better decisions.*

# 177

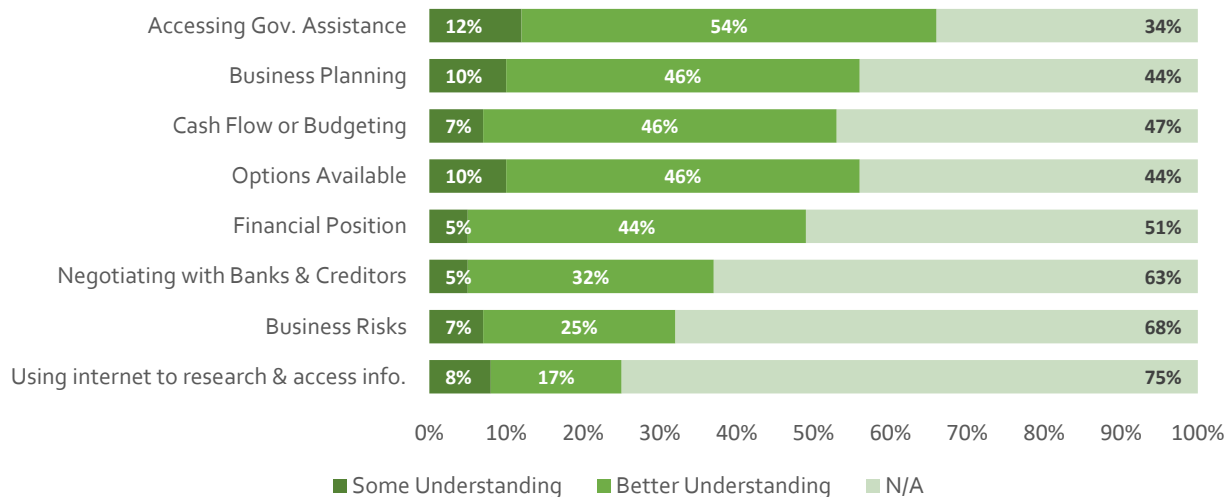
## Exited Clients

Majority exiting clients achieved their goals

98% implemented action plans to improve their situation

82% gained additional support by referral agencies

95% gained skills and proficiencies



*“ The action plan gave us direction and things to tick off. It helped us work out where we were heading and who could help. ”*

*Client Farmer Exiting Service*



# CASE STUDIES

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The following case studies are representative stories of our clients' journey of support; they are deidentified to ensure confidentiality is maintained.



*"As a Dairy Farmer we've been doing it really tough lately, literally not able to afford our kids birthday presents, let alone survive the next 12 months. Our bank recommended contacting RFCS to help us. They took the time to understand our situation & after discussing our options, we were able to build a budget to immediately improve cash flow, then we worked on improving income, productivity & reducing expenses. With their help, we were successful in applying for Farm Household Allowance & refinancing with a Dairy Concessional Loan. We were also offered support for food, petrol, & even birthday presents for our kids thanks to Anglicare. Using this government funding, we engaged a Farm Consultant to assess our pasture to improve milk quality & increase herd size. With a reduced interest rate & an interest free period, our new budget allows me to maintain current loan payments which will go a long way in finally owning my farm. It was an emotional time, but we achieved our goals & now in a much better financial position."*



A man and a woman are shown from behind, embracing each other in a grassy field. The man is wearing a blue button-down shirt and light-colored trousers, while the woman is wearing a blue and white checkered shirt. They are looking out over a vast, open landscape under a cloudy sky. The text is overlaid on the right side of the image.

*" We've been dairy farmers for the last 20 years & were not eligible for the Dairy Concessional Loan back in 2016. Since then our bank offered Farm Debt Mediation as we weren't meeting our loan payments due to the recent milk price drop. We were faced with selling our larger farm to clear our debt & downsize to a smaller farm. After discussing our options with RFCS who worked with us so that we had a clear picture of our situation, we realised our financial position was a lot worse than originally thought & needed to also sell our smaller house block to pay creditors. With RFCS help, we were able to negotiate terms with the bank & our creditors to allow us time to sell the farm. RFCS helped us understand the true viability of our business & be proactive to make improvements, as well as assisting us gain invaluable budgeting & financial management skills to help us succeed in the future."*



"We could not help farming families without our Counsellors who care and are committed to reducing stress and improving our farmer's quality of life.

They are always actively engaging with support networks, service providers, and spend important one-on-one time with farmers to ensure they have the support they need.

The RFCS Gippsland Board and Management thank our Counsellors for their dedication and limitless devotion to the people of our rural communities.

We also couldn't provide valuable assistance without the generosity of our community. I'd like to extend a special thank you to Lions Club International for their Need 4 Feed program, partnering with Drought Angels and Aussie Helpers, who this year supplied much welcomed fodder and household support to our farmers in East Gippsland.

Most notably, a huge thank you to Michael Lorenz of Michael's IGA supermarkets in Leongatha and Korumburra, who donates a considerable amount of money towards emergency household relief. He is so passionate about supporting our farmers, he instigated other independent grocery stores to also provide funding throughout Victoria.

This year Michael's IGA donated a record \$40,000, with additional \$6,500 from other Victorian IGA supermarkets, distributed via Food and Fuel vouchers.

On behalf of RFCS and farmers who have received your help – thank you for your unwavering commitment to make our farming families lives a little easier".

*Kylie Holmes* Executive Officer RFCS Gippsland

*Thank You*



# COMMUNITY ENGAGEMENT

It is imperative that our Rural Financial Counsellors and employees engage with our community; support networks; key stakeholders and industry agencies to ensure awareness and advocacy, stay abreast of issues arising, provide information, and overall deliver holistic support.

With the significant demand on our services, it is a challenge to consistently remain engaged with community, stakeholders and referral agencies. This year we launched a monthly eNewsletter delivered directly to clients, service providers, as well as government and community representatives offering up to date information, support initiatives and relevant news.

This is supported by the launch of our website that remains updated with upcoming events and current affairs to ensure our clients and stakeholders have easy access to an information portal.

Engagement activities are a requirement under our Funding Deed and reportable via the quarterly and annual Performance Report. This year our Counsellors and Management attended or initiated a record 168 events.

Activities are categorised as

- Industry Specific events
- Partnerships with Community Organisations
- State; Federal and Local Government relations
- Associations with Professional Services Providers

## 25

Field Days & Ag. Shows

## 18

Formal Presentations

## 56

Group Meetings

## 51

Informal Network Meetings

## 18

Round Table Discussions



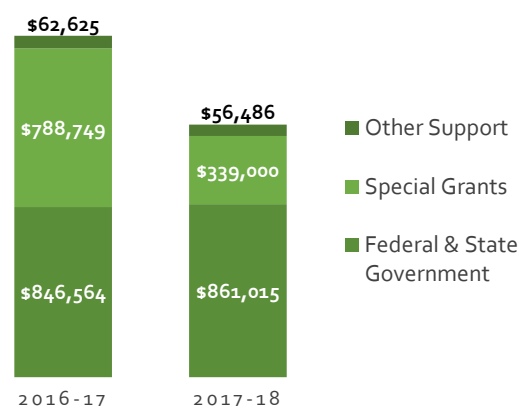
# FINANCIAL SUMMARY

We are a registered not-for-profit organisation dependent upon Government funding from the State Department of Economic Development, Jobs, Transport and Resources, and Commonwealth Department of Agriculture and Water Resources.

We are obligated to comply with Funding Deed Schedules ensuring that funding has been spent and acquitted in accordance with the deed. This is reported to the funding bodies via our annual Performance Reports with an attestation signed by the Chair of the Board certifying that activities were conducted in accordance with the deed. Financial Statements for the twelve month period ending 30 June 2018 were independently audited by DMG Audit & Advisory in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Associations Incorporation Reform Act 2012. Financial statements were approved and authorised by the Board on 21 September 2018, with final audit sign-off on 2 October 2018.

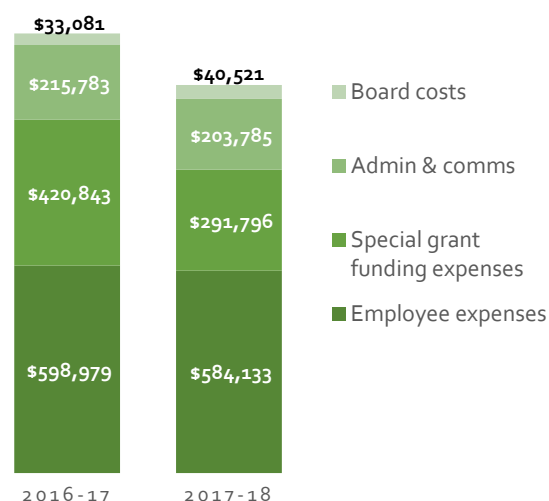
## \$1.25 M Total Funding

Significant change from previous year was due to additional Special Grant funding received in 2016-17 from both State and Commonwealth to support dairy farmers affected by the industry downturn. 'Other Support' funding is received via donations and bank interest earned.



## \$1.12 M Total Expended

Significant change in expenditure from the previous year is associated with the reduced Special Grant funding received and associated reduction in Counsellor FTE from 6.3 to 5.4. Our focus and commitment to engagement and staff training activities caused a slight increase in administration costs, but this was offset with reduction in employment related expenses.



## \$0.136 M Net Profit

Net profit is a deferred allocation of funds that will be utilised to service demand for additional client support expected in during 2018-19 for drought-affected farmers and an increase in Farm Household Allowance applications and other support. The financial statements, disclosures and notes are provided in the next section.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Rural Financial Counselling Service Victoria - Gippsland

### Opinion

We have audited the accompanying financial report of Rural Financial Counselling Service Victoria - Gippsland ("the Entity"), which comprises the statement of financial position as at 30 June 2018, the statement of financial performance and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the board declaration.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Rural Financial Counselling Service Victoria - Gippsland as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements.

### Basis for Opinion

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

### Responsibilities of Management and the Committee for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Entity's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Report

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

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Justin Brook  
Director  
GippsAudit Pty Ltd

Date: 2<sup>nd</sup> October 2018  
Place: Sale

# RURAL FINANCIAL COUNSELLING SERVICE (RFCS) GIPPSLAND

## Statement of Financial Performance and Comprehensive Income

for the year ending 30 June 2018		2017-18	2016-2017
	Notes	\$	\$
<b>Revenue</b>			
Australian & State Government funding	2	861,015	846,564
Special grant funding	3	339,000	788,749
Other revenue / interest / sundry	4	56,486	62,625
<b>Total Revenue</b>		<b>1,256,501</b>	<b>1,697,938</b>
<b>Expenditure</b>			
Employment related expenses	5	555,009	553,908
Vehicle costs		29,124	45,071
Board costs		40,521	33,081
Special grant funding expenditure	6	291,796	420,843
Other expenses	7	203,785	215,783
<b>Total Expenditure</b>		<b>1,120,235</b>	<b>1,268,686</b>
<b>Net profit before income tax</b>		<b>136,266</b>	<b>429,252</b>
Income tax		-	-
<b>Other comprehensive income</b>		-	-
<b>Net Profit for the year</b>		<b>136,266</b>	<b>429,252</b>

This statement should be read in conjunction with the notes to the financial statements

# RURAL FINANCIAL COUNSELLING SERVICE (RFCS) GIPPSLAND

## Statement of Financial Position

as at 30 June 2018		2017-18	2016-2017
	Notes	\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	988,758	803,453
Trade and other receivables	9	-	53,350
Other current assets	10	6,548	-
<b>Total current assets</b>		<b>995,306</b>	<b>856,803</b>
<b>Non Current Assets</b>			
Motor Vehicles	11	89,074	86,618
<b>Total Non Current Assets</b>		<b>89,074</b>	<b>86,618</b>
<b>Total Assets</b>		<b>1,084,379</b>	<b>943,421</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	35,014	22,263
Employee provisions	13	115,079	114,763
<b>Total Current liabilities</b>		<b>150,093</b>	<b>137,026</b>
<b>Non-Current Liabilities</b>			
Employee provisions	13	2,913	11,288
<b>Total Non-Current Liabilities</b>		<b>2,913</b>	<b>11,288</b>
<b>Total Liabilities</b>		<b>153,006</b>	<b>148,314</b>
<b>Net Assets</b>		<b>931,373</b>	<b>795,107</b>
<b>Equity</b>			
Retained surplus	15	795,107	365,855
Current year surplus / (deficit)		136,266	429,252
<b>Total Equity</b>		<b>931,373</b>	<b>795,107</b>

This statement should be read in conjunction with the notes to the financial statements

# RURAL FINANCIAL COUNSELLING SERVICE (RFCS) GIPPSLAND

## Statement of Changes in Equity

for the year ended 30 June 2018

	Notes	Reserves	Retained Earnings	Total Equity
		\$	\$	\$
<b>Changes in equity for the year 2017</b>				
<b>Balance at 1 July 2016</b>		-	280,255	280,255
Net profit for the year		-	429,252	429,252
Adjustment for windup provisions	15	-	85,600	85,600
Restated result for the year		-	-	-
<b>Restated Balance at 30 June 2017</b>		-	<b>795,107</b>	<b>795,107</b>
<b>Changes in equity for the year 2018</b>				
Net profit for the year		-	136,266	136,266
<b>Balance at 30 June 2018</b>		-	<b>931,373</b>	<b>931,373</b>

This statement should be read in conjunction with the notes to the financial statements

# RURAL FINANCIAL COUNSELLING SERVICE (RFCS) GIPPSLAND

## Cash Flow Statement

for the year ended 30 June 2018

	Notes	2017-18 \$	2016-2017 \$
<b>Cash flows from operating activities</b>			
Grant receipts		1,253,365	1,581,963
Interest received		4,902	4,364
Cash donations received		46,448	46,716
Other receipts		-	11,545
Payments to suppliers and employers		(1,091,361)	(1,245,693)
<b>Net cash provided by operating activities</b>	<b>19</b>	<b>213,353</b>	<b>398,896</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment		-	39,302
Purchase of plant and equipment		(28,048)	(70,631)
<b>Net cash (used in) investing activities</b>		<b>(28,048)</b>	<b>(31,329)</b>
<b>Cash flows from borrowing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash provided (used in) financing activities</b>		<b>-</b>	<b>-</b>
Net increase (decrease) in cash held		185,305	367,567
Cash at the beginning of the financial year		803,453	435,886
<b>Cash at the end of the financial year</b>	<b>8</b>	<b>988,758</b>	<b>803,453</b>

This statement should be read in conjunction with the notes to the financial statements



# RURAL FINANCIAL COUNSELLING SERVICE (RFCS) GIPPSLAND

## Notes to the Financial Statements

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For the year ended 30 June 2018

### Note 1: Summary of Significant Accounting Policies

These financial statements cover Rural Finance Counselling Service Victoria - Gippsland as an individual entity. Rural Finance Counselling Service Victoria - Gippsland is an incorporated association incorporated in Victoria and domiciled in Australia.

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the requirements of the Associations Incorporation Reform Act 2012. The entity is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### (a) Income Tax

The association is exempt from tax for income tax purposes.

#### (b) Motor Vehicles

Motor vehicles are measured at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of motor vehicles is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present. The recoverable amount is assessed as the depreciated replacement cost of an asset.

#### Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives from the time the asset is held ready for use.

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

Motor vehicles 25% DV

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss in the period in which they occur.

#### (c) Leases

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

#### (d) Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest* method.

## Notes to the Financial Statements (continued)

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### 1(d) Financial Instruments (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

#### (ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

### Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") that has occurred, which has an impact on the estimated future cash flows of the financial asset(s). Impairment losses are recognised in the statement of comprehensive income.

### Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### (e) Impairment of Assets

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

### (f) Employee Provisions

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year of the end of the reporting period have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and related on-costs and the probability that the employee may not satisfy any vesting requirements. The estimated cash outflows are discounted using market yields on national government bonds with maturity terms that match the expected timing of cash outflows.

Obligations for long term employee benefits are classified as non-current except where there is no unconditional right to defer payment, in which case they are presented as current.

### (g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## Notes to the Financial Statements (continued)

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### **(h) Trade and Other Receivables**

Accounts receivable and other debtors include amounts due from customers for events, services, and goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

### **(i) Revenue and other income**

Revenue from the sale of goods and rendering of a service is recognised upon the delivery of the goods or service to the customer.

Donations, fundraising revenue and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

### **(j) Goods and Services Tax (GST)**

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

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

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

### **(k) Accounts Payable and Other Payables**

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

### **(l) Critical Accounting Estimates and Judgments**

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

## Notes to the Financial Statements (continued)

	2017-2018	2016-2017
	\$	\$
<b>Note 2: Government grants received - as per Funding Deeds</b>		
Australian Government Funding	721,047	708,945
Victorian Government Funding	139,968	137,619
<b>Total Government grants received</b>	<b>861,015</b>	<b>846,564</b>
	2017-2018	2016-2017
	\$	\$
<b>Note 3: Special Government grants received</b>		
Dairy - Federal Funding	160,000	140,000
Dairy Contingency - Federal Funding	-	160,000
Senior Rural Financial Coordinator - State Funding	179,000	174,749
Dairy - State Funding	-	154,000
Dairy - Small Business Support	-	160,000
<b>Total Special Government grants received</b>	<b>339,000</b>	<b>788,749</b>
	2017-2018	2016-2017
	\$	\$
<b>Note 4: Other revenue</b>		
Interest	4,902	4,364
Donations	46,448	44,728
Other sundry income	5,136	13,533
<b>Total Other revenue</b>	<b>56,486</b>	<b>62,625</b>
	2017-2018	2016-2017
	\$	\$
<b>Note 5: Employment related expenses</b>		
Base salary	499,867	519,454
Superannuation	47,884	49,300
Allowances/other	14,218	1,101
<i>Total remuneration package</i>	<i>561,970</i>	<i>569,855</i>
Workers compensation insurance	1,099	1,324
Other	(8,059)	(17,271)
<b>Total Employment Costs</b>	<b>555,009</b>	<b>553,908</b>

## Notes to the Financial Statements (continued)

	2017-2018 \$	2017-2018 \$
<b>Note 6: Special Grant Funding Expenditure</b>		
<i>Dairy Contingency - Federal Funding</i>	<b>160,000</b>	<b>300,000</b>
Employment costs	107,589	146,667
Vehicle costs	17,085	24,536
Office Accommodation / IT costs	20,357	44,173
<b>Total dairy federal expenditure</b>	<b>145,031</b>	<b>215,377</b>
 <i>Senior Rural Financial Counselling Coordinator - State Funding</i>	 <b>179,000</b>	 <b>174,749</b>
Employment costs	93,928	92,644
Vehicle costs	4,814	4,663
Office Accommodation / IT costs	16,058	17,716
<b>Total Senior RFCC expenditure</b>	<b>114,800</b>	<b>115,022</b>
 <i>Dairy Contingency - State Funding</i>	 -	 <b>154,000</b>
 <i>Dairy - Small Business Support</i>	 -	 <b>160,000</b>
Employment costs	27,314	54,857
Vehicle costs	76	9,094
Office Accommodation / IT costs	4,575	26,198
<b>Total dairy small business support state expenditure</b>	<b>31,965</b>	<b>90,149</b>
 <b>Total Special Government Funding</b> (as per Note 3)	<b>339,000</b>	<b>788,749</b>
 <b>Total Special Funding Expenditure</b>	<b>291,796</b>	<b>420,843</b>
	<b>2017-2018 \$</b>	<b>2016-2017 \$</b>
<b>Note 7: Other expenses</b>		
Communication Costs	15,470	15,122
Depreciation	25,593	27,588
Fundraising costs	39,545	27,067
IT Costs	7,860	17,401
Marketing & Promotions	16,479	2,717
Office expenses	52,992	75,604
Contractors (policy/strategic plan)	17,056	12,825
Staff Training incl travel/accommodation/meals	21,164	22,185
Other	7,625	15,273
<b>Total Other expenses</b>	<b>203,785</b>	<b>215,783</b>

## Notes to the Financial Statements (continued)

	2017-2018	2016-2017
<b>Note 8: Cash and cash equivalents</b>	<b>\$</b>	<b>\$</b>
Cash at Bank - Operating Account	83,882	41,200
Cash at Bank - Online Saver Account	320,030	192,827
Cash at Bank - DEDJTR & Reserve Funds	549,607	540,634
Cash at Bank - RFCSVG Emergency Account	29,191	22,743
Cash at Bank - Bank Guarantee Account	6,050	6,050
<b>Total cash and cash equivalents</b>	<b>988,758</b>	<b>803,453</b>
	2017-2018	2016-2017
<b>Note 9: Trade and other receivables</b>	<b>\$</b>	<b>\$</b>
Other receivables - State Funding (Dairy)	-	9,350
Other receivables - State Funding (Small Business)	-	44,000
<b>Total Trade and other receivables</b>	<b>-</b>	<b>53,350</b>
	2017-2018	2016-2017
<b>Note 10: Other current assets</b>	<b>\$</b>	<b>\$</b>
Prepaid expenses	6,548	-
<b>Total other current assets</b>	<b>6,548</b>	<b>-</b>
	2017-2018	2016-2017
<b>Note 11: Property, plant and equipment</b>	<b>\$</b>	<b>\$</b>
Motor Vehicles	143,986	115,937
Less accumulated depreciation	(54,911)	(29,319)
<b>Total Property, plant and equipment</b>	<b>89,074</b>	<b>86,618</b>
Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:		
	<b>Motor vehicles</b>	<b>Total</b>
Balance 1 July	115,935	115,935
Additions	28,049	28,049
Disposals	-	-
Less accumulated depreciation	(54,911)	(54,911)
Balance 30 June 2018	<b>89,073</b>	<b>89,073</b>
	2017-2018	2016-2017
<b>Note 12: Trade and other payables</b>	<b>\$</b>	<b>\$</b>
Accrued expenses	24,550	-
PAYG payable	7,752	9,670
GST Payable	2,712	12,593
<b>Total trade and other payables</b>	<b>35,014</b>	<b>22,263</b>

## Notes to the Financial Statements (continued)

	2017-2018	2016-2017
	\$	\$
<b>Note 13: Provisions</b>		
<b>Short term provisions (Payable within 12 months)</b>		
Provision for employee annual leave entitlements	43,024	31,642
Provision for employee long service leave entitlements	72,055	83,121
	<b>115,079</b>	<b>114,763</b>
<b>Long term provisions (Payable after 12 months)</b>		
Provision for employee long service leave entitlements	2,913	11,288
	<b>2,913</b>	<b>11,288</b>
<b>Note 14: Capital commitments</b>	<b>2017-2018</b>	<b>2016-2017</b>
	\$	\$
Motor vehicles	50,253	-
<b>Total capital commitments</b>	<b>50,253</b>	<b>-</b>

Capital commitments relate to motor vehicles where funds have been committed but the assets not yet received.

### Note 15: Prior year reporting adjustments

During 2017-18 the board resolved to change from special purpose financial statements to general purpose financial statements. As a result of the change wind up provisions previously recognised as a non-current liability are now included in prior year retained surpluses. The change is reflected in the Statement of Changes in Equity.

### Note 16: Key Management Personnel Compensation

Any person having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including committee members, is considered key management personnel.

The totals of remuneration paid to key management personnel of the entity during the year are as follows:

	2017-2018	2016-2017
	\$	\$
Key management personnel	<b>101,322</b>	<b>78,929</b>

### Note 17: Other related party transactions

During the year the Service did not enter into any transactions with related parties, (2017: \$Nil).

### Note 18: Contingent Assets/Liabilities

There are no contingent assets or liabilities at balance date.



## Notes to the Financial Statements (continued)

	2017-2018	2016-2017
Note 19: Cash Flow Reconciliation	\$	\$
Cash in the statement of cash flows is reconciled to the statement of financial position		
Cash and cash equivalents	<u>988,758</u>	<u>803,453</u>
<b>Reconciliation of cash flows from operating activities</b>		
Net profit after income tax	136,266	429,252
Depreciation	25,593	27,588
(Profit)/ loss on sale of plant and equipment	-	(5,109)
Decrease/ (increase) in trade and other receivables	53,350	(53,350)
Decrease/ (increase) in other current assets	(6,548)	-
Increase/ (decrease) in trade and other payables	12,751	12,675
Increase/ (decrease) in provisions	(8,059)	(12,158)
Net cash provided by/ (used in) operating activities	<u>213,353</u>	<u>398,896</u>

## Note 20: Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, loans to related entities, accounts receivable and payable. The carrying amounts for each category of financial instruments are as follows:

	2017-2018	2016-2017
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	988,759	803,453
Loans and receivables	-	53,350
<b>Total financial assets</b>	<u>988,759</u>	<u>856,803</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:	-	-
Trade and other payables	57,340	22,263
<b>Total financial liabilities</b>	<u>57,340</u>	<u>22,263</u>

## Note 21: Economic Dependence

Rural Financial Counselling Service Victoria - Gippsland is dependent on funding from the State Government Victoria - Department of Economic, Development, Jobs, Transport and Resources and the Commonwealth Government - Department of Agriculture and Water Resources for the majority of its revenue used to operate the business. At the date of this report the Board of Directors have no reason to believe that the respective Governments will not continue to support Rural Financial Counselling Service Victoria - Gippsland.

## Note 22: Entity Details

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

1 Peart Street  
Leongatha VIC 3953  
Phone: 1300 045 747

**RURAL FINANCIAL COUNSELLING SERVICE VICTORIA - GIPPSLAND**

**BOARD DECLARATION**

**FOR THE YEAR ENDED 30 JUNE 2018**

The Board of Rural Financial Counselling Service Victoria - Gippsland, declare that the financial statements:

1. Presents a true and fair view of the financial position of Rural Financial Counselling Service Victoria - Gippsland as at 30 June 2018 and its performance for the year ended on that date in accordance with the accounting policies in Note 1 to the financial statements.
2. At the date of this declaration, there are reasonable grounds to believe that Rural Financial Counselling Service Victoria - Gippsland will be able to pay its debts as and when they fall due.

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



Name: Aubrey Pellett

Position: Chair

Date: 2 October 2018



Name: Kylie Holmes

Position: Executive Officer

Date: 2 October 2018

***“ Previously when things were difficult,  
I didn’t talk with anyone...just bottled  
it up. A Financial Counsellor helped  
me talk about it and it feels good  
being able to talk. ”***

*Client Farmer*

*2017-18*



**Rural Financial Counselling Service**

Victoria – Gippsland

ABN 52 091 551 739

[www.ruralfinancialcounselling.org.au](http://www.ruralfinancialcounselling.org.au)