

ACC Directorate Limited

ABN 65 004 617 467

Financial Report

For the Year Ended 31 December 2019

ACC Directorate Limited

ABN 65 004 617 467

Contents

For the Year Ended 31 December 2019

	Page
Directors' Report	1
Auditor's Independence Declaration	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	18
Independent Audit Report	19

ACC Directorate Limited

ABN 65 004 617 467

Directors' Report

For the Year Ended 31 December 2019

The directors present their report on ACC Directorate Limited for the financial year ended 31 December 2019.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Dr Stephen Crouch	Director and Chairman	
Michael Eadie	Director	
Craig Kellock	Director	
Sean Stanton	Director	
Clare Madden	Director	Resigned 30 June 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of ACC Directorate Limited during the financial year was the operation of the ACCumulator religious charitable development fund on behalf of the Australian Christian Churches Movement.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short and long term objectives

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

- Ensure the asset base provides an optimal balance between short-term liquidity requirements and profitability from higher-yielding long-term investments;
- Continue to grow the pool of investors; and
- Grow the company's loan book by providing funding to a larger number of churches.

Members' guarantee

ACC Directorate Limited is a company limited by guarantee.

In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or corporation who ceased to be a member in the year prior to the winding up, is limited to \$ 10, subject to the provisions of the company's constitution.

At 31 December 2019 the collective liability of members was \$ 10 (2018: \$ 10).

ACC Directorate Limited

ABN 65 004 617 467

Directors' Report

For the Year Ended 31 December 2019

Significant changes in state of affairs

For well over a decade the Company has (through its wholly-owned subsidiary entities) operated the insurance business known as ACS Financial. During the year in review, the directors determined the Australian Christian Churches Movement would be best served by the separation of the ownership of the ACCumulator activities conducted by the company and the insurance operations of ACS.

A critical element of the process of separation was to ensure that each of the two separated operations had appropriate levels of capital and the balance sheets necessary to sustain operations moving forward. This was achieved via the new ultimate holding entity for the ACS Group of entities acquiring all the insurance operations and associated entities with their respective liabilities, from the Company for the gross consideration of \$2.5M. This was followed by the company making a return of capital to the ACS Group in the amount of \$2.0M. The net effect of these changes is reflected in this year's financial report.

As at 31 December 2019, the Company no longer has any subsidiary companies or entities and its only activities are the operation of the ACCumulator Fund for the purpose of financing churches.

The ACS Group continues to manage the operations of the company under a formalised management agreement.

Information on directors

Dr Stephen Crouch	Director and Chairman
Qualifications	BBus, MEd, DBA, FCA, GAICD
Michael Eadie	Director
Qualifications	BBus, CPA, GAICD
Craig Kellock	Director
Qualifications	BBus, GAICD
Sean Stanton	Director
Qualifications	Minister of Religion
Clare Madden	Director
Qualifications	BA, MA

Meetings of directors

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

Directors' Meetings	
Number eligible to attend	Number attended
Dr Stephen Crouch	4
Michael Eadie	4
Craig Kellock	4
Sean Stanton	3
Clare Madden	1

ACC Directorate Limited

ABN 65 004 617 467

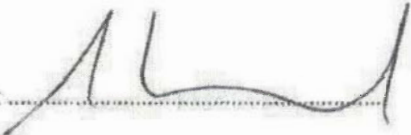

Directors' Report

For the Year Ended 31 December 2019

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:  Director: 

Date: 12 May 2020

ACC Directorate Limited

ABN 65 004 617 467

Auditor's Independence Declaration to the Directors of ACC Directorate Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn

Date: 12 May 2020

ACC Directorate Limited

ABN 65 004 617 467

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
Revenue		
Interest income	967,759	792,587
Trust distributions	316,440	1,318,751
	<u>1,284,199</u>	<u>2,111,338</u>
Expenses		
Interest expense	(766,376)	(722,864)
Management fees	(494,884)	(454,190)
Consultants and professional fees	(7,376)	-
Write-down	-	(302,010)
Contributions to ACC national office	-	(38,500)
Other expenses	(15,494)	(42,590)
	<u>(1,284,130)</u>	<u>(1,560,154)</u>
Surplus/(deficit) for the year	<u>69</u>	<u>551,184</u>
Total comprehensive income for the year	<u>69</u>	<u>551,184</u>

The accompanying notes form part of these financial statements.

ACC Directorate Limited

ABN 65 004 617 467

Statement of Financial Position

As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
Cash and cash equivalents	2	3,245,454	3,871,912
Financial assets	3	5,060,000	10,010,000
Trade and other receivables	4	19,417,593	12,756,562
TOTAL ASSETS		<u>27,723,047</u>	<u>26,638,474</u>
LIABILITIES			
Trade and other payables	5	285,948	342,342
Borrowings	6	26,911,373	25,770,475
TOTAL LIABILITIES		<u>27,197,321</u>	<u>26,112,817</u>
NET ASSETS		<u>525,726</u>	<u>525,657</u>
EQUITY			
Retained earnings		525,726	525,657
TOTAL EQUITY		<u>525,726</u>	<u>525,657</u>

The accompanying notes form part of these financial statements.

ACC Directorate Limited

ABN 65 004 617 467

Statement of Changes in Equity

For the Year Ended 31 December 2019

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2019	525,657	525,657
Surplus/(deficit) for the year	69	69
Balance at 31 December 2019	<u>525,726</u>	<u>525,726</u>

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2018	(25,527)	(25,527)
Surplus/(deficit) for the year	551,184	551,184
Balance at 31 December 2018	<u>525,657</u>	<u>525,657</u>

The accompanying notes form part of these financial statements.

ACC Directorate Limited

ABN 65 004 617 467

Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and GST refunded	44,128	260,377
Payments to suppliers and employees	(659,669)	(547,535)
Trust distributions received	316,440	1,332,467
Interest received	1,010,519	787,124
Interest paid	(767,743)	(726,674)
Net cash provided by/(used in) operating activities	8 <u>(56,325)</u>	<u>1,105,759</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans (advanced)/repaid	(6,661,031)	(1,380,986)
Redemption/(purchase) of units in unit trusts	500,000	(499,990)
Redemption/(placement) of term deposits	4,450,000	840,325
Net cash provided by/(used in) investing activities	<u>(1,711,031)</u>	<u>(1,040,651)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings procured/(repaid)	<u>1,140,898</u>	1,793,742
Net cash provided by/(used in) financing activities	<u>1,140,898</u>	<u>1,793,742</u>
Net increase/(decrease) in cash and cash equivalents held	(626,458)	1,858,850
Cash and cash equivalents at beginning of year	<u>3,871,912</u>	<u>2,013,062</u>
Cash and cash equivalents at end of financial year	2 <u><u>3,245,454</u></u>	<u><u>3,871,912</u></u>

The accompanying notes form part of these financial statements.

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report covers ACC Directorate Limited as an individual entity. ACC Directorate Limited is a Company limited by guarantee, registered and domiciled in Australia.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The financial report has been not been consolidated to include entities controlled by the Company during the year as the Company's parent entity, Australian Christian Churches Limited (ABN: 23 084 615 725), prepares a consolidated financial report for the group.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated. The financial statements are based on historical costs, except for the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

(b) Revenue and other income

Trust distributions are recognised when the company's right to receive payment is established.

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

(c) Income Tax

The Company is a charity registered with the Australian Charities and Not-for-profits Commission, and is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(e) Financial instruments

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, those measured at:

- cost
- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Cost

Investments in controlled entities are recognised at cost, less accumulated impairment losses.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise term deposits, trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

Trade receivables

Impairment of trade receivables have been determined using 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 multiplied this by the amount of the expected loss arising from default.

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

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk, the lifetime losses are estimated and recognised.

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 payables, bank and other loans and finance lease liabilities.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank	3,245,454	3,871,912
	<u>3,245,454</u>	<u>3,871,912</u>

3 Financial Assets

Financial assets at amortised cost

Term deposits	5,060,000	9,510,000
---------------	-----------	-----------

Investments in controlled entities at cost

Investment in units in ACS Capital Trust	-	500,000
------------------------------------------	---	---------

	<u>5,060,000</u>	<u>10,010,000</u>
--	------------------	-------------------

4 Trade and Other Receivables

Premium funding and other receivables	1,075,264	1,059,198
Loans to related entities	4,136,470	5,953,537
Church loans	14,205,859	5,743,827
	<u>19,417,593</u>	<u>12,756,562</u>

5 Trade and Other Payables

Trade payables	71,978	257,734
Sundry payables and accrued expenses	213,970	84,608
	<u>285,948</u>	<u>342,342</u>

6 Borrowings

Unsecured liabilities:

Debentures	(a) <u>26,911,373</u>	<u>25,770,475</u>
	<u>26,911,373</u>	<u>25,770,475</u>

(a) Debentures

ACC Directorate Limited offers an unsecured debenture product known as ACC ACCumulator. ACC ACCumulator is a Religious Charitable Development Fund that is exempt from the regulatory requirements of the Banking Act 1959 at the date of this report under the Banking Exemption No.1 of 2017. This exemption applies to approved funds that have been established to borrow and use money for charitable purposes.

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

7 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, mortgaged investment loans, accounts receivable and payable, and unsecured debentures. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2019	2018
	\$	\$
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	3,245,454	3,871,912
Trade and other receivables	19,417,593	12,756,562
Term deposits	5,060,000	9,510,000
Total financial assets	<u>27,723,047</u>	<u>26,638,474</u>
Financial liabilities		
Financial liabilities at amortised cost:		
Borrowings	26,911,373	25,770,475
Trade and other payables	285,948	342,342
Total financial liabilities	<u>27,197,321</u>	<u>26,112,817</u>

The Company holds on its balance sheet the assets and liabilities in relation to its ACC ACCumulator investment product. ACCumulator investors are, in a legal sense, unsecured debenture holders, and are represented on the balance sheet as liabilities. Investors invest "at call" (with a minimum notice period of 31 days) or in term investments with maturities generally less than 12 months.

The company has applied these funds to invest in cash and fixed interest investments of varying maturities and loans to various entities. The directors believe that based on the level of liquidity at year-end, and past history of investor redemption requests, the Company has sufficient liquid assets to adequately meet future expected redemption requests.

8 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Surplus/(deficit) for the year	69	551,184
Non-cash flows in result:		
- write-down of loans	-	302,010
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	-	13,716
- increase/(decrease) in trade and other payables	(56,394)	238,849
Cashflows from operations	<u>(56,325)</u>	<u>1,105,759</u>

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

9 Related Parties

The Company's main related parties during the year were as follows:

- Australian Christian Churches (Unincorporated) ABN 58 123 514 361 - This is the national office of the Australian Christian Churches, which is an unincorporated association and a charity registered with the Australian Charities and Not-for-profits Commission.
- Australian Christian Churches Limited ABN 23 084 615 725 - This entity, which exercises control over the Company, is a company limited by guarantee incorporated under the *Corporations Act 2001*, and a charity registered with the Australian Charities and Not-for-profits Commission. This entity is the sole member of the ACC Directorate Limited.
- ACS Business Trust ABN 91 460 778 961 - This was the main trading entity during the year of the group of entities collectively referred to as ACS Financial. ACS Business Trust acted as the manager of the ACC Accumulator debenture products on behalf of the Company and received a management fee from the Company representing the net profit margin earned from Accumulator assets and liabilities.
- ACS Capital Trust ABN 70 349 217 998 - This entity is a unit trust which is included within the ACS Financial group of entities.
- ACS Financial Trust ABN 70 349 217 998 - This entity is a charitable trust is also included within the ACS Financial group of entities. ACS Financial Trust is a charity registered with the Australian Charities and Not-for-profits Commission. ACS Financial Trust is the sole fixed beneficiary to the profits of ACS Business Trust. ACS Financial Trust makes trust distributions to the Company to support its activities.
- ACCD Transition Trust - This entity is a discretionary trust that has been established for the purpose of providing protection to the directors of the Company in respect of potential personal liability exposure. The trustee is ACCD Transition Limited ACN 634 781 614. The Company is the sole member of ACCD Transition Limited.
- Key management personnel.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties

Units in ACS Capital Trust held by the Company were sold to ACS Financial Pty Ltd (as trustee for ACS Business Trust) on 30 December 2019 for net consideration of \$500,000. The Company also agreed to relinquish control over all other entities within the ACS Financial group as part of this transaction.

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

9 Related Parties

Transactions with related parties

In addition, the Company had the following transactions with related parties:

	2019	2018
	\$	\$
Trust distribution revenue		
ACS Financial Trust	316,440	1,318,751
Interest expense (on Accumulator debentures)		
Australian Christian Churches (unincorporated)	53,997	46,518
ACS Business Trust	27,477	40,658
ACS Capital Trust	-	98
Other related parties	29,384	29,351
	<u>110,858</u>	<u>116,625</u>
Management fee expense		
ACS Business Trust	494,884	454,190
Contributions expense		
Australian Christian Churches (unincorporated)	-	38,500
Accounts receivable at year-end		
ACS Business Trust	-	5,294
Accounts payable at year-end		
Australian Christian Churches (unincorporated)	-	26,629
ACS Capital Trust	99,590	-
	<u>99,590</u>	<u>26,629</u>
Accumulator debentures held at year-end		
Australian Christian Churches (unincorporated)	1,903,457	1,849,543
ACS Business Trust	-	1,000,000
ACS Capital Trust	1,633,674	-
ACCD Transition Trust	200,000	-
Other related parties	1,050,000	1,050,000
	<u>4,787,131</u>	<u>3,899,543</u>

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

9 Related Parties

Loans to/from related parties

The Company had the following loans with related parties:

ACS Capital Trust

Loans are receivable from ACS Capital Trust with respect to amounts advanced to support the working capital of ACS Capital Trust and its related businesses. These loans are repayable over a 10 year period ending in 2024 in accordance with signed loan agreements.

The Company has loans receivable of \$2,105,387 as at 31 December 2019 (2018: \$5,980,387). These loans are interest-free. Investment returns are instead based on trust distributions made to the Company representing the profits generated from ACS Capital Trust and related entities (representing the business division known as 'ACS Financial'). The trust distributions are recognised as revenue, and the related reduction in the loan balance payable is recognised as a write-down expense.

ACS Financial Trust

The Company has an interest-free, at-call loan balance receivable from ACS Financial Trust of \$1,831,083 as at 31 December 2019 (2018 payable: \$119,497).

ACS Business Trust

The Company had loans receivable from ACS Business Trust as at 31 December 2018 of \$92,647. These loans were held at-call and interest-free, and have been settled during the 2019 year.

ACCD Transition Trust

The Company has loans receivable from ACCD Transition Trust as at 31 December 2019 of \$200,000 (2018: nil). The loans are held at-call and interest-free.

10 Key Management Personnel Disclosures

Directors and other key management personnel did not receive remuneration from the company during the current or previous financial year.

ACC Directorate Limited

ABN 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2019

11 Events after the end of the Reporting Period

In March 2020, the Australian economy began to be significantly impacted by the disruption caused by the spread of the COVID-19 virus.

At the date of this report, there has been no significant change in the level of redemption requests from Accumulator investors. As such, the operations of the Company have not been significantly impacted at the date of this report. However, the Company is continuing closely monitor investment loans to ensure customers continue to be able to adequately service these loans.

The future economic impact on the capacity of customers to make loan repayments, changes in values of secured property attaching to these loans, and the level of future Accumulator redemption requests is not presently able to be determined due to the current economic uncertainty.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

12 Statutory Information

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

ACC Directorate Limited
Level 1, 917 Riversdale Road
Surrey Hills VIC 3127

ACC Directorate Limited

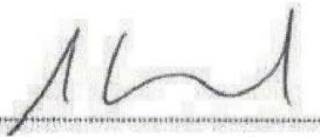
ABN 65 004 617 467

Directors' Declaration

The directors declare are that in the directors' 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 statements give a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director: 

Director: 

Date: 12 May 2020

ACC Directorate Limited

ABN 65 004 617 467

Independent Audit Report to the members of ACC Directorate Limited

Opinion

We have audited the financial report of ACC Directorate Limited, which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of ACC Directorate Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year ended; and
- (ii) 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 Company 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.

Emphasis of Matter - Events after the end of the reporting date

We draw attention to Note 11 of the financial report, which describes the impact on the Company from the COVID-19 virus and its associated economic impact after the end of the financial year. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The directors of Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

ACC Directorate Limited

ABN 65 004 617 467

Independent Audit Report to the members of ACC Directorate Limited

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.

Those directors are responsible for overseeing Company'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.

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 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.

ACC Directorate Limited

ABN 65 004 617 467

Independent Audit Report to the members of ACC Directorate Limited

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



Saward Dawson



Jeffrey Tulk
Partner

Blackburn

Date: 12 May 2020