

CATHOLIC PROFESSIONAL STANDARDS LIMITED

FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2018

CATHOLIC PROFESSIONAL STANDARDS LIMITED
ABN: 11 616 062 714

REPORT

The Directors of Catholic Professional Standards Limited present this report to its members for the financial period ended 30 June 2018.

Directors

The names of each person who has been a Director of Catholic Professional Standards Limited during the year and to the date of this report are:

Ms Patricia Faulkner AO
The Hon. Geoffrey Giudice AO
Professor The Hon. Michael Lavarch AO
Dr Robyn Miller
The Hon. John Watkins AM
Dr Ruth Shean (from 1 February 2018)
Dr Kerrie Tuite (from 1 February 2018)

Principal Activities

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

In 2017-18, the Company began operations, focussing on:

- Recruiting and employing staff
- Articulating the draft National Catholic Safeguarding Standards, following recommendations made by the Royal Commission into Institutional Responses to Child Sexual Abuse
- Consulting around Australia with Catholic Church representatives and survivors of Catholic Church sexual abuse, their families and advocates in order to refine the draft National Catholic Safeguarding Standards
- Developing and pilot-testing the audit model to assess and report on compliance with the National Catholic Safeguarding Standards
- Promoting the National Catholic Safeguarding Standards, the work of CPSL and the need for institutional protections for children via conference presentations, webinars, newsletters, media interviews and social media
- Developing and publishing a 3-year Strategic Plan (2018-2021)

Operating Results

Catholic Professional Standards Limited made a profit of \$50,000 (2017: nil).

Auditor's Independence Declaration

The auditor's independence declaration for the period ended 30 June 2018 has been received and can be found on page 5.

REPORT (Continued)

Information on Directors

Ms Patricia Faulkner AO

Master of Business Admin
Bachelor of Arts, Economics
Diploma of Education

The Hon. Geoffrey Giudice AO

Bachelor of Laws
Bachelor of Arts

Professor The Hon. Michael Lavarch AO (from 1 August 2018)

Professor of Law
Solicitor, Supreme Court of Queensland and High Court of Australia, admitted 1986
Bachelor of Laws

Dr Robyn Miller (from 1 August 2018)

Doctor of Philosophy
Master of Family Therapy
Graduate Diploma of Family Therapy
Bachelor of Social Science (Social Work)

The Hon. John Watkins AM

Master of Arts
Bachelor of Laws
Diploma of Education
HonDLitt

Dr Ruth Shean (from 1 February 2018)

Doctor of Philosophy
Master of Education

Dr Kerrie Tuite (from 1 February 2018)

Doctor of Education
Master of Education
Bachelor of Arts
Certificate of Teaching

CATHOLIC PROFESSIONAL STANDARDS LIMITED
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Meetings of Directors

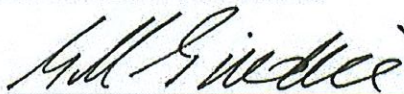
During the financial period, eight meetings of the Company were held. Attendance by each Director was as follows:

BOARD ATTENDANCE 2017-2018

		15/08/2017	25/09/2017	29/11/2017	19/12/2017	12/02/2018	26/03/2018	17/04/2018	15/05/2018	Total	Eligible	%
Hon Geoff Giudice AO	Chair	1	1	1	1	1	1	1	1	8	8	100%
Patricia Faulkner AO	Director	1	1	1	1	1	1	0	1	7	8	88%
Hon John Watkins AM	Director	0	1	1	1	0	1	1	1	6	8	75%
Hon Michael Lavarch AO	Director	1	1	1	1	1	1	1	1	8	8	100%
Dr Robyn Miller	Director	1	1	1	1	1	1	1	0	7	8	88%
Dr Ruth Shean	Director					1	1	1	1	4	4	100%
Dr Kerrie Tuite	Director					1	1	1	1	4	4	100%
John Andrew	Secretary	0								0	1	0%
Sheree Limbrick	Secretary		1	1	1	1	1	1	1	7	7	100%

Signed in accordance with a resolution of the Directors.

Hon Geoffrey Giudice:
Board Chair



Date: 6th December 2018

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.


McLean Delmo Bentleys Audit Pty Ltd
Martin Fensome
Partner

Hawthorn
6 December 2018

CATHOLIC PROFESSIONAL STANDARDS LIMITED
ABN: 11 616 062 714

DIRECTORS' DECLARATION

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

In the opinion of the Directors, the financial statements set out on pages 7 to 18:

1. Present a true and fair view of the financial position of Catholic Professional Standards Limited as at 30 June 2018 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 of the financial statements; and
2. In the Directors' opinion there are reasonable grounds to believe that Catholic Professional Standards Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of Catholic Professional Standards Limited.

Hon Geoffrey Giudice:
Board Chair



Date: 6th December 2018

CATHOLIC PROFESSIONAL STANDARDS LIMITED

ABN: 11 616 062 714

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED
30 JUNE 2018**

	2017	2018
	\$	\$
Contributions / Donations	331,357	1,684,476
Total Income	331,357	1,684,476
Administration expenses	(15,360)	(49,406)
Audit fees	-	(1,000)
Bank fees & charges	(8)	(72)
Consultants and contractors	(88,900)	(348,570)
Conference & Venue Hire	-	(29,013)
Directors fees & meeting costs	(44,036)	(202,406)
Insurance	(10,361)	(12,368)
Legal fees	(60,647)	(6,041)
Meetings	(696)	(123)
Postage	(213)	(933)
Provision for annual leave	-	(25,059)
Provision for long service leave	-	(2,796)
Recruitment	(93,248)	(117,953)
Rent	-	(53,844)
Software support	(1,285)	(53,427)
Salaries & Wages	-	(541,801)
Superannuation	(4,183)	(71,426)
Telecommunications	(24)	(3,796)
Travel & Accommodation	(12,396)	(105,434)

The accompanying notes form part of these financial statements

CATHOLIC PROFESSIONAL STANDARDS LIMITED

ABN: 11 616 062 714

	2017	2018
	\$	\$
Vehicle costs	-	(9,008)
Total expenses	(331,357)	(1,634,476)
Profit for the year	-	50,000
Total comprehensive income for the year	-	50,000

The accompanying notes form part of these financial statements

CATHOLIC PROFESSIONAL STANDARDS LIMITED

ABN: 11 616 062 714

STATEMENT OF FINANCIAL POSITION**AS AT****30 JUNE 2018**

	NOTE	2017 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	15(a)	(8)	43,727
Trade and other receivables	1(i)	<u>8</u>	<u>6,273</u>
TOTAL CURRENT ASSETS		<u>-</u>	<u>50,000</u>
TOTAL ASSETS		<u>-</u>	<u>50,000</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1(i)	<u>-</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>-</u>	<u>50,000</u>
EQUITY			
Retained Earnings		<u>-</u>	<u>50,000</u>
TOTAL EQUITY		<u>-</u>	<u>50,000</u>

The accompanying notes form part of these financial statements

CATHOLIC PROFESSIONAL STANDARDS LIMITED
ABN: 11 616 062 714

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2018

	Retained Earnings	Total
Balance at 1 July 2016	-	-
Profit for the year	-	-
Sub-total	<u>-</u>	<u>-</u>
 Balance at 30 June 2017	 <u>-</u>	 <u>-</u>
 Balance at 1 July 2017	 -	 -
Profit for the year	50,000	50,000
Sub-total	<u>50,000</u>	<u>50,000</u>
 Balance at 30 June 2018	 <u>50,000</u>	 <u>50,000</u>

The accompanying notes form part of these financial statements

CATHOLIC PROFESSIONAL STANDARDS LIMITED
ABN: 11 616 062 714

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED
30 JUNE 2018

	Note	2017 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(8)	(6,265)
Net cash (used in) operating activities	15(b)	(8)	(6,265)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant from Member		-	50,000
Net increase/(decrease) in cash held		(8)	43,735
Cash at the beginning of the financial year		-	(8)
Cash at the end of the financial year	15(a)	(8)	43,727

The accompanying notes form part of these financial statements

CATHOLIC PROFESSIONAL STANDARDS LIMITED

ABN: 11 616 062 714

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2018**

Note 1: Statement of Significant Accounting Policies

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

The Company was incorporated on 23 November 2016.

Basis of preparation

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

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

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

The financial statements were authorised for issue by the Directors of Catholic Professional Standards Limited on the date of the directors report.

Accounting Policies

(a) Income Tax

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

(b) 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 Catholic Professional Standards Limited 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 recognised in profit or loss.

CATHOLIC PROFESSIONAL STANDARDS LIMITED

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Note 1: Statement of Significant Accounting Policies (cont)

(b) Financial Instruments (cont)

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: the amount at which the financial asset or financial liability is measured at initial recognition; less principal repayments; plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through 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 value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit and loss.

(ii) 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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other

CATHOLIC PROFESSIONAL STANDARDS LIMITED

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Note 1: Statement of Significant Accounting Policies (cont)

(b) Financial Instruments (cont)

comprehensive income is reclassified into profit or loss.

Where there is no active market and the fair value cannot be reliably measured, the asset will continue to be measured at the original cost.

(v) Available-for-sale financial assets(continued)

Available-for-sale financial assets are classified as current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current assets.

(vi) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Directors assess 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).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, Catholic Professional Standards Limited recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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Note 1: Statement of Significant Accounting Policies (cont)

(b) Financial Instruments (cont)

Derecognition

Financial assets are derecognised where the contractual rights 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 either discharged, cancelled or expire. The difference between the carrying value 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.

(c) Impairment of Assets

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

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

(d) Cash and Cash Equivalents

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

(e) Revenue and Other Income

Revenue for Catholic Professional Standards Limited is derived from contributions and membership fees on Catholic authorities in Australia, fees for service, sales of publications and registrations fees for events. Contributions are recognised when the company has a right to receive the contribution. Fees for service revenue is recognised once the service has been provided. Revenue from the sale of goods is recognised once the goods have passed hands. Registration fees are recognised once the event has been held.

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

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

(f) Goods and Services Tax (GST)

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

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

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

CATHOLIC PROFESSIONAL STANDARDS LIMITED

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Note 1: Statement of Significant Accounting Policies (cont)

(f) Goods and Services Tax (GST) (cont)

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

(g) Accounts Receivable and Other Debtors

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

(h) Trade and Other Payables - Current

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

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

Goods and services acquired by Catholic Professional Standards Limited (Trade Creditors) are completely funded by its Member Organisations, principally the ACBC, during its establishment phase in FY2018. Amounts due from the ACBC (Trade Receivables) are therefore applied towards the settlement of Trade Creditors. This process constitutes a right to contra Trade Receivables and Trade Payables on Catholic Professional Standards Limited's Balance Sheet, whereby its Member Organisations assume responsibility for this set-off.

(j) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements 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 Catholic Professional Standards Limited.

Key Estimates: Impairment

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

(k) Accounting Standards and Interpretations issued but not yet effective

The Australian Accounting Standards Board has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. It is anticipated that the new requirements will have no material financial impact on future reporting periods.

CATHOLIC PROFESSIONAL STANDARDS LIMITED

ABN: 11 616 062 714

Note 2: Capital and Leasing Commitments

(a) Operating Lease Commitments

Catholic Professional Standards Limited has entered into a sub-lease agreement in relation to its office premises.

Expected minimum lease commitments are as follow:

	2017	2018
	\$	\$
Not less than 1 year	-	64,350
Later than 1 year, not later than 2 years	-	-
Later than 2 years	-	-
	-	64,350

Note 3: Contingent Liabilities and Assets

As at the date of this report, there were no contingent liabilities or assets.

Note 4: Events after the Balance Date

There are no subsequent events after balance date that are of a significant nature.

Note 5: Cash Flow Information

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

	2017	2018
	\$	\$
Cash and cash equivalents	(8)	43,727

(b) Reconciliation of Cash Flows from Operations with Profit

Profit / (Loss) from ordinary activities	-	50,000
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	(8)	(6,265)
Increase / (decrease) in trade and other payables		
Net cash (used in) operating activities	<u>(8)</u>	<u>(6,265)</u>

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Note 6: Capital Management

The Directors control the capital of Catholic Professional Standards Limited to ensure that adequate cash flows are generated to fund operations. The Directors are responsible for the overall risk management strategy. Due to the low risk associated with Catholic Professional Standards Limited, no formal policies for risk management are in place.

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

Note 7: Catholic Professional Standards Limited Details

The principal place of business of Catholic Professional Standards Limited is:

Level 13, 200 Queen Street

MELBOURNE VIC 3000

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

Opinion

We have audited the financial report of Catholic Professional Standards Limited, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013.

Basis for Opinion

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

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

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

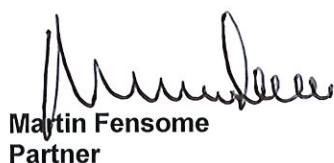
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome
Partner

Hawthorn
6 December 2018