



# COMPASS

ANNUAL REPORT 2024



COMPASS Leaving Care Limited

ABN 92 624 241 621

General purpose (simplified disclosures) financial report For the Year Ended 30 June 2024



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COMPASS acknowledges Aboriginal people as the traditional custodians of the land on which we operate.

We commit to working respectfully to honour their ongoing cultural and spiritual connections to this country.

Diversity and inclusivity are important to COMPASS and we are committed to ensuring our workplace and services reflect this. Everyone is welcome at COMPASS, regardless of race, religion, gender or sexuality.

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# Directors' Message

We are pleased to present the COMPASS Leaving Care Limited (COMPASS) 2023-24 Annual Report.

The last of the 184 participants completed the COMPASS Program in October 2023. This marks the end of the service delivery component of COMPASS, which began in late 2018.

The COMPASS model prioritised secure and stable housing over a two-year period. COMPASS head-leased (34) and owned properties (13). 60% of participants lived in COMPASS housing for part or all of their participation. Through the provision of secure housing many participants gained experience in independent living and created their own tenancy histories, which helped them take on private rentals. At the completion of their participation 57 young people were living in private rentals.

The financial return on investment needs to be considered alongside the social impact of the COMPASS Program, achieved during six COVID lockdowns. It would not be a stretch to say participation changed many lives. Of the 16 participants who had a baby while a participant 14 babies remained in their care; 77% of participants were engaged in education during their time with COMPASS; 55% of participants were employed for some period during their participation; and 78 of participants were both employed and engaged in education during the participation. The COVID pandemic impacted on the COMPASS Program. As an essential service we delivered services through the lockdowns and provided additional support to participants.

The COMPASS Program informed a successful 2023-24 State Budget bid of \$32m. The tender for this program was released with service delivery anticipated to begin in January 2025.

The third performance measurement and outcome payments were certified in April 2024. The final two outcome payments are due in April 2025 and 2026. There will also be a distribution of proceeds from the sale of the two remaining properties.

COMPASS has distributed \$10.09m to investors to date. We are working through with Government, several factors influencing the performance outcomes before we finalise future payments, including any impact of policy changes made in this period relating to COVID. We should have these issues addressed in time for the April 2025 distribution.

On behalf of Directors, we thank the committed teams for their support of COMPASS participants; the Department of Families, Fairness and Housing for their support; and investors for their commitment to COMPASS Leaving Care.



**Paul McDonald**  
Director COMPASS Leaving Care Ltd  
CEO, Anglicare Victoria



**Bernie Bicknell**  
Director COMPASS Leaving Care Ltd  
Chair, VincentCare

# Directors' Report

## For the Year Ended 30 June 2024

The Directors present their report on COMPASS Leaving Care Limited (the Company or COMPASS Leaving Care) for the period ended 30 June 2024.

## GOVERNANCE STRUCTURE

COMPASS Leaving Care, a company limited by guarantee, was established in 2018 as a special purpose entity to deliver the COMPASS Program and the COMPASS Social Impact Bond (SIB), developed by Anglicare Victoria and VincentCare Victoria in partnership with the Victorian Government.

Anglicare Victoria and VincentCare Victoria are the sole members of the Company. The Company's governance structure is supported through a Board of four Directors, two from Anglicare Victoria and two from VincentCare Victoria, including both CEOs and a representative appointed by the Board of each organisation.

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## DIRECTORS

The details of the Company's Directors in office during the financial year and until the date of this report are as follows:

### **Paul McDonald** Director

(Commenced 6/02/2018, reappointed 07/10/2021)

#### **Diploma in Youth Work, Master of Social Work**

Paul is currently the Chief Executive Officer of Anglicare Victoria. Prior to this he was Deputy Secretary of the Children, Youth and Family Division in the Department of Human Services for the Victorian Government, being responsible for Victoria's Child Protection Program, Youth Justice Program and Family and Domestic Violence Programs.

Paul has chaired a range of nationally significant committees on behalf of the Australian Government including into Petrol Sniffing and is the former chair of the Centre for Excellence in Child and Family Welfare. He is the founding Chair of the national 'Home Stretch' campaign. In 2020, Paul won the National Pro Bono 'Influencer Award' for his pivotal role in driving the Home Stretch campaign. In 2017, Paul was awarded the prestigious Robin Clark Leadership Award. He is Patron of the National Youth Workers Association.

### **Matthew Pringle** Director

(Commenced 7/10/2021)

#### **BCom, FCPA, FCA, FGIA, FCIS, GAICD**

Matthew is a Director of Anglicare Victoria and has extensive experience in corporate finance, audit and assurance, governance, and strategy, including over 25 years' experience as a Partner at Pitcher Partners. His roles with Pitcher Partners included leading the corporate finance practice group, senior audit partner and leading the corporate governance and board advisory practice area. Matthew is currently a non-executive director / advisory board member / consultant to several listed and unlisted public, private and Not For Profit entities.

### **Bernie Bicknell Director**

(Commenced 20/10/2022)

#### **CPA**

Bernie is Chair of St. Vincent De Paul Society and VincentCare Victoria. Bernie is an experienced senior executive with specialised knowledge of the retail sector, having been Chief Executive Officer and Chief Financial Officer of Mitre 10 and Chief Operating Officer at The Godfreys Group. He also has international experience in New Zealand and USA. with ICI Paints. He has previously served as a Director of The Lighthouse Foundation and Brainwave Not For Profit organisations.

### **Paul Turton Director**

(Commenced 29/05/2023)

**Certified Manager Program, Diploma in Leadership and Management, Certificate IV Workplace and Business Coaching, Master of Arts (Divinity), Bachelor of Theology, Diploma in Ministry (Hons)**

Paul has a dedicated history of working strategically in non-profit organisational management. He is currently Executive General Manager, Client Services at St Vincent de Paul. He was formally General Manager Homelessness Services at VincentCare. Prior to that he was a senior manager at Melbourne City Mission for many years. Paul has a strong focus on peer learning, business coaching and service innovation.

Directors were in office for this entire period.

## **PRINCIPAL ACTIVITIES**

The Company's principal activities are providing stable housing, case work and access to specialised services tailored to young people leaving Out of Home Care to prepare them for independent living.

The Company's key functions are:

- acting as the financial conduit between investors and the Victorian Government, including as the legal entity holding assets on behalf of investors (cash and property);
- sub-contracting program delivery to Anglicare Victoria and VincentCare Victoria as service providers, in accordance with the Implementation Agreement with the Victorian Government;
- statutory reporting in the form of independently audited annual financial statements;
- ongoing administration such as Noteholder communication and updates;
- purchasing residential properties and entering into head-leasing arrangements with landlords.



## REVIEW OF PERFORMANCE AND IMPACT

The COMPASS Program ceased service delivery in October 2023. This ended the 2-year participation of 182 young people over 4 years. The Information Memorandum anticipated 202 participants. The shortfall in participation was influenced by the COVID pandemic and the decision of young people, despite our best efforts, not to participate.

The performance of the COMPASS Program is measured quarterly at 24 months (for health and housing measures) and 48 months for all measures. The number of participants in each subgroup varies and depends on when the participant entered the program. Table below shows the results of the performance measurement in FY24.

### COMPASS Program performance

Measurement/Date	April 23	July 23	Oct 23	Jan 24
<b>24-month</b>				
Health	No improvement	No improvement	Exceptional	n/a
Housing	Improved	No improvement	No improvement	n/a
Number of participants	22	25	13	n/a
<b>48 month</b>				
Health	No improvement	No improvement	Exceptional	Exceptional
Housing	No improvement	No improvement	Good	No improvement
Justice <sup>1</sup>	Very Good	Very Good	Very Good	Very Good
Number of participants	7	7	17	14

<sup>1</sup> COMPASS negotiated an outcome payment of 'very good' for all participants as it was not possible to measure the Justice measure.

The social **impact** of the Compass Program is impressive:

- Of the 16 participants who had a baby while a participant 14 babies remained in their care.
- 57 (31%) were living in private rentals at the end of their participation.
- 77% of participants were engaged in education during their time with Compass.
- 55% of participants were employed for some period during their participation.
- 78 of participants were both employed and engaged in education during the participation.

The COMPASS Program informed a successful 2023-24 State Budget bid of \$32m. The tender for this program was released with service delivery anticipated to begin in January 2025.

## SUMMARY OF FINANCIAL OUTCOMES

The Company's Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2024 reflects a breakeven result, after accounting for a fair value adjustment to the value of loan notes of \$5,702,748. This movement is largely attributed to a return to investors of \$5,200,000 from proceeds on the sale of properties.

The Company's Statement of Cash Flows for the year to 30 June 2024 showed a net cash outflow of \$87,089.

The Statement of Financial Position reflects no change in equity and a cumulative reduction of the carrying value of loan notes of \$13,170,226.

The adjustment to loan note value in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position reflects the current stage of development of the COMPASS Program Social Impact Bond.

It is expected that the value of the loan note liability will reduce over the life of the full Program, as returns to investors in the form of Note Coupon Payments, Outcome Payments, and distribution of the residual net assets of the Company (at the end of the Social Impact Bond) are made.

All COMPASS properties were sold with a net profit on sale price of \$57,853 when compared to original purchase price, however based on their subsequent fair valuation required when held for sale, the end accounting position was a loss which is reported in Note 4.

### Sale price of properties

Property	Sale Price
69 Pommel Crescent, Epping	475,000
4/8 Clarke Street, Kennington	340,000
5/18 Delbridge Street, Golden Square	374,000
79A Abercarn Avenue, Craigieburn	452,500
93/11 Loxwood Court, Deer Park	455,000
2/4 Salmond Street, Deer Park	439,000
10 Runcorn Crescent, Deer Park	446,000
20 Trinacria Court, Deer Park	385,000
8/34 Prouses Road, North Bendigo	340,000
9 Edith Street, Epping	398,000
1/42 Averys Road, Eaglehawk	460,000
1/885 Plenty Road, South Morang	605,000
1/19 Olympic Parade, Kangaroo Flat	360,000

The final two outcome payments are due in April 2025 and 2026. There will also be a distribution of proceeds from two remaining properties. The conservative, projected distribution from these payments will bring the total return to \$13,386,916. This results in a projected shortfall in return of \$813,014, or approximately 6% of the total initial investment of \$14,199,930.



## DIVIDENDS

The Company is precluded from paying dividends by its constitution. The Company is a company limited by guarantee, and no Director holds an interest in the Company or is entitled to any options in the Company.

## CHANGES IN STATE OF AFFAIRS

During the 2024 financial year the Company sold its investment properties and ceased to deliver services.

## SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

- the consolidated operations in future financial years;
- the results of those operations in future financial years; or
- the consolidated state of affairs in future years.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The DFFH pays a professional indemnity insurance premium to an insurer on behalf of the member organisations, Anglicare Victoria and VincentCare Victoria.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings brought against Anglicare Victoria and VincentCare Victoria officers.

The Company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred while acting in the capacity of an officer or auditor.

## DIRECTORS' BENEFITS

During or since the end of the financial period, no Director has received or become entitled to a benefit as a result of a contract made by the Company with the Director, a firm of which a Director is a member or entity in which a Director has a substantial financial interest.

## DIRECTORS' MEETINGS

The number of Board meetings held during the financial period, and attendance by Directors is shown in the table below:

Director	Eligible	Attended
Paul McDonald	6	5
Matthew Pringle	6	6
Bernie Bicknell	6	6
Paul Turton	6	5

# Auditor's Independence Declaration

The Board of the Company appointed PricewaterhouseCoopers as auditors for the period ended 30 June 2024 in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*.

A copy of the auditor's independence declaration as required under the ACNC Act is included in this report on page 9.

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



**Paul McDonald**

Director COMPASS Leaving Care Ltd  
CEO, Anglicare Victoria

Dated: 23 September 2024



## Auditor's Independence Declaration

As lead auditor for the audit of Compass Leaving Care Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'AV', is positioned above the printed name of the auditor.

Anthony Vlavianos  
Partner  
PricewaterhouseCoopers

Melbourne  
23 September  
2024

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PricewaterhouseCoopers, ABN 52 780 433 757

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# Statement of Profit or Loss and Other Comprehensive Income

## For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Revenue</b>			
Government revenue	3	1,452,585	940,833
Rental income	3	39,439	112,583
Other income	3	504,589	2,401,171
Investment income	3	68,084	38,116
<b>Total revenue</b>		<b>2,064,697</b>	<b>3,492,703</b>
<b>Expenditure</b>			
Sub-contracted services	4	(199,334)	(1,728,174)
Outcome payments to investors	4	(1,268,876)	(717,145)
Interest (note coupons)	4	-	(219,225)
Property costs	4	(213,625)	(718,344)
Other operating expenses	4	(59,851)	(68,565)
Other non-operational expenses	4	(323,011)	(41,250)
<b>Total expenditure</b>		<b>(2,064,697)</b>	<b>(3,492,703)</b>
<b>Net surplus</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive surplus for the year</b>		-	-
Surplus is attributed to:		-	-
Owners of the organisation		-	-

The accompanying notes form part of the financial statements.

# Statement of Financial Position

## For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,183,734	1,270,823
Trade and other receivables	6	1,144	20,257
Assets held for sale	8	-	2,047,500
Other assets	9	22,500	22,134
<b>Total current assets</b>		<b>1,207,378</b>	<b>3,360,714</b>
<b>Non-current assets</b>			
Investment properties	7	-	3,624,670
Other assets	9	1,477	13,048
<b>Total non-current assets</b>		<b>1,477</b>	<b>3,637,718</b>
<b>Total assets</b>		<b>1,208,855</b>	<b>6,998,432</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	143,202	46,322
Unearned income	11	35,879	219,588
<b>Total current liabilities</b>		<b>179,081</b>	<b>265,910</b>
<b>Non-current liabilities</b>			
Loan notes issued to investors	12	14,200,000	14,200,000
Fair value adjustment to loan notes	12	(13,170,226)	(7,467,478)
<b>Total non-current liabilities</b>		<b>1,029,774</b>	<b>6,732,522</b>
<b>Total liabilities</b>		<b>1,208,855</b>	<b>6,998,432</b>
<b>Net assets</b>		-	-
<b>Equity</b>			
Contributed equity		-	-
Accumulated funds		-	-
<b>Total equity</b>		-	-

The accompanying notes form part of the financial statements.

# Statement of Changes in Equity

## For the Year Ended 30 June 2024

2024	Contributed equity	Accumulated funds	Total equity
	\$	\$	\$
Balance at 1 July 2023	-	-	-
Surplus/(deficit) for period	-	-	-
Other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>

2023	Contributed equity	Accumulated funds	Total equity
	\$	\$	\$
Balance at 1 July 2022	-	-	-
Surplus/(deficit) for period	-	-	-
Other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of the financial statements.



# Statement of Cash Flows

## For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Receipts from operating activities		119,042	184,107
Payments to suppliers		(400,290)	(2,565,646)
Payment of note coupon		-	(219,225)
<b>Net cash provided by/(used in) operating activities</b>	13	<b>(281,248)</b>	<b>(2,600,764)</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of investment properties		5,394,159	-
<b>Net cash provided by/(used in) investing activities</b>		<b>5,394,159</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Outcome payments from government		1,268,876	717,145
Outcome payments to investors		(1,268,876)	(717,145)
Property sale proceeds payments to investors		(5,200,000)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(5,200,000)</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents held		(87,089)	(2,600,764)
Cash and cash equivalents at beginning of financial year		1,270,823	3,871,587
<b>Cash and cash equivalents at end of financial year</b>	5	<b>1,183,734</b>	<b>1,270,823</b>

The accompanying notes form part of the financial statements.

# Notes to the Financial Statements

For the Year Ended 30 June 2024

## Note 1 General information

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COMPASS Leaving Care Limited (The Company) is a company limited by guarantee. The Company is an entity jointly controlled and managed by Anglicare Victoria and VincentCare Victoria.

The Company has been established to provide a standalone legal entity, through which Anglicare Victoria and VincentCare Victoria are able to deliver the COMPASS Program (the Program) on a joint venture basis.

The Company issued Social Impact Bond loan notes to raise funding from investors to fund the Program. Anglicare Victoria and VincentCare Victoria are subcontracted to provide staff and services to the Program. The services help participants in the Program to transition from out-of-home care and should result in improved social outcomes for young people, as well as significant avoided costs for the State of Victoria. The State will make a series of performance linked Outcome Payments to the Company which will be passed on to investors.

COMPASS Leaving Care Limited was first registered with the Australian Securities and Investment Commission on 6 February 2018.

COMPASS Leaving Care Limited was first registered with the Australian Charities and Not-for-profits Commission on 21 March 2018.

The COMPASS Program was launched on 16 October 2018. As a time limited pilot, the COMPASS Program ceased service delivery in October 2023.

## Note 2 Summary of material accounting policies

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The following material accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

COMPASS Leaving Care Limited is a not-for-profit entity for the purpose of preparing the financial statements.

#### a. Compliance with Australian Accounting Standards - Simplified Disclosures

The financial statements of COMPASS Leaving Care Limited comply with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

#### b. Historical cost convention

The financial statements have been prepared on a historical cost basis, unless otherwise noted.

#### c. Going concern

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

#### d. New and amended standards adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

The adoption of AASB 2021-2 Amendments to Australian Accounting Standards which requires the need to only disclose material accounting policies, rather than material accounting policies. This has resulted in a reduction in the disclosures presented in Note 2.

Any new or amended Accounting standards or Interpretations that are not yet mandatory have not been early adopted.

## 2.2 Revenue recognition

Where there is an enforceable contract with a customer with sufficiently specific performance obligations, revenue is recognised when (or as) the performance obligations are satisfied.

The following specific recognition criteria must also be met before revenue is recognised:

#### a. Government revenue

##### Government Standing Charge

An aggregate amount of \$6.29 million is payable by the Victorian Government over eight instalments between 1 October 2020 and 30 September 2022. Revenue from Government standing charge is accrued in accordance with the 'Accrued but unpaid Standing Charge Payment Look-up Table' in the Implementation Agreement between the Victorian Government and the Company.

##### Outcome Payments

Outcome Payments from the Victorian Government are based on the performance of the Program. Commencing 12 months following the first participants' completion of the Program (1 April 2022), until 1 April 2026. The State will pay the Outcome Payments to the Company which will be passed onto Noteholders. The value of these payments will vary periodically, based on the performance of the Program and the number of participants being tested at each Outcome Measurement Date.

At each Outcome Measurement Date, participants will attract a payment based on their subgroup's improvement relative to the Control Group. These payments have been calculated according to the relative weightings of the performance measures and the number of measurement points, as follows:

- Housing Outcome Measure (60%, 24 month and 48 month measurement points);
- Health Outcome Measure (20%, 24 month and 48 month measurement points); and
- Justice Outcome Measure (20%, 48 Month measurement point).

These payments will be estimated quarterly, based on the timing of the intake of participants into the Program, but will be certified and paid to Noteholders on an annual basis, based on an independent certification process overseen. The payment made at the Outcome Payment Date will consist of the aggregate of four preceding Outcome Payments estimated at each Outcome Measurement Date prior to the Outcome Payment Date (but, to avoid doubt, excluding the Outcome Payment for the Outcome Measurement Date that falls on the Outcome Payment Date).

The first and second Outcome Payment was received in April 2022 and April 2023 respectively. The third Outcome Payment was received in April 2024.

## b. Rental income

Participants of the Program contribute to property rental costs. Rental income is recognised on a straight-line basis over the contractual fixed lease term. Amounts unrecovered or considered unrecoverable are written off to the profit or loss account as and when they arise.

## 2.3 Income tax

The Company is exempt under the provisions of the Income Tax Assessment Act 1997, and as such is not subject to income taxes at this time. Accordingly, no income tax has been provided for the Company in these financial statements.

## 2.4 Leases

The Company is both a lessee and a lessor. Properties are leased from landlords and sub-leased to Program participants under leases that are substantially Residential Tenancies Act agreements. The Program allows for escalation of rents from heavily subsidised to unsubsidised over a period of 24 months, the period of time for which COMPASS commits to providing stable housing and support to Program participants. COMPASS acquires no options to extend or rights to purchase properties at the end of their lease or period of occupation.

### The Company as a lessee

The Company has applied AASB16 to its leases, the overwhelming majority of which are Residential Tenancies Act tenancies of 12 months or less duration and fall outside the scope of the standard. The small minority of leases which extend over periods exceeding 12 months have been assessed as required under AASB16 and a judgement made that their omission from the Statement of Financial Position at 30 June 2024 does not materially misstate the financial position of the Company.

### The Company as a lessor

Rental income from leases with Program participants is recognised as rental income in profit or loss as described in the notes. Program participants lease properties under fixed term contracts of 12 months or less duration, governed by the Residential Tenancies Act. Participants acquire no options to extend their lease, nor a right to acquire the property whether on expiry of the lease, period of occupation, or participation in the Program.

## 2.5 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes deposits held at call with financial institutions and short-term investments with an original maturity of three months or less which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## 2.6 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Refer to Note 6 for further information about the Company's accounting for other receivables.

## 2.7 Loan notes

The Company issued Social Impact Bond (SIB) loan notes to raise \$14.2 million in funding from investors to fund the COMPASS Program.

Loan notes issued to investors are treated as a financial liability at fair value through profit or loss (FVTPL).

The liability amount due to investors will vary over the period of the Social Impact Bond. Each year the Company estimates the minimum liability due to investors at balance date which will change as a result of the following:

- program costs incurred;
- note coupons paid and accrued;
- Outcome Payments from the Victorian Government based on the performance of the Program and the number of participants being tested at each Outcome Measurement Date;
- Government Standing Charge accrued or unearned income; and
- changes in fair value of investment properties and sale outcomes.

Full repayment or partial repayment of loan notes issued is dependent on the performance of the Program, net proceeds on sale of investment properties, other net Program costs and/or if there is an early termination event.

There may be certain circumstances in which either the Company or the State may wish to wind up the Program early. Provisions in the Implementation Agreement allow for this, providing both parties with the right to terminate the Program under a variety of scenarios. Included in the agreement are early termination payment provisions.

The variation of the liability amount due to investors is the change in fair value and is recognised in profit or loss.

Loan notes issued to investors and the decrease in the value of loan notes, are disclosed in Note 12.

## 2.8 Investment properties

Investment properties are held by the Company to house participants of the Program and to earn rental income.

All of the Company's property interests are accounted for as investment properties and are measured using the fair value model. All investment properties are measured initially at cost. Subsequent to initial recognition, all investment properties are measured at fair value. Investment properties will be valued based on directors' valuations on an annual basis. The Company expects to perform independent valuations on all properties every three years.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is included in profit or loss in the period in which the property is derecognised.

## 2.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value, which are exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

## **2.10 Trade and other payables**

Trade and other payables represent unpaid liabilities for goods received by and services provided to the Company prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 days.

## **2.11 Goods and services tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority 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 taxation authority, are presented as operating cash flows.



<b>Note 3 Revenue and other income</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue</i>		
<b>Government revenue</b>		
- Government standing charge	183,709	223,688
- Outcome payments	1,268,876	717,145
	<b>1,452,585</b>	<b>940,833</b>
<b>Client contributions</b>		
- accommodation	39,439	112,583
	<b>39,439</b>	<b>112,583</b>
<b>Other income</b>		
Other income		
- fair value adjustments to loan notes	502,748	2,392,554
- sundry income	1,841	8,617
	<b>504,589</b>	<b>2,401,171</b>
<b>Investment income</b>		
- investment income	68,084	38,116
	<b>68,084</b>	<b>38,116</b>
<b>Total revenue and other income</b>	<b>2,064,697</b>	<b>3,492,703</b>

<b>Note 4 Expenses</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Subcontracted services</b>		
- service fees	199,334	1,728,174
	<b>199,334</b>	<b>1,728,174</b>
<b>Outcome payments to investors</b>		
- outcome payments to investors	1,268,876	717,145
	<b>1,268,876</b>	<b>717,145</b>
<b>Interest expense</b>		
- interest (note coupons)	-	219,225
	<b>-</b>	<b>219,225</b>
<b>Property costs</b>		
- lease expense	70,709	219,824
- other premises costs	142,916	260,690
- fair value adjustment to investment properties	-	237,830
	<b>213,625</b>	<b>718,344</b>
<b>Other operating costs</b>		
audit fees	20,639	32,254
independent certifier	37,526	35,831
other operating expenses	1,686	480
	<b>59,851</b>	<b>68,565</b>
<b>Other non-operating expenses</b>		
transaction costs	45,000	<b>41,250</b>
loss on sale of property	278,011	-
	<b>323,011</b>	<b>41,250</b>
<b>Total expenses</b>	<b>2,064,697</b>	<b>3,492,703</b>

Note coupons relate to interest paid and accrued to loan noteholders at the fixed rate of 3.50% per annum of the total aggregate issue amount of \$14.2 million (see Note 12). Note coupons were paid half-yearly, since March 2019 until September 2022, when the final payment was made.

	<b>2024</b>	<b>2023</b>
<b>Note 5 Cash and cash equivalents</b>	<b>\$</b>	<b>\$</b>
Cash at bank	1,183,734	570,823
Term deposits	-	700,000
At call account	-	-
<b>Total cash and cash equivalents</b>	<b>1,183,734</b>	<b>1,270,823</b>

### **Note 6 Trade and other receivables**

Current		
Trade receivables	1,144	-
GST receivable	-	20,257
<b>Total current trade and other receivables</b>	<b>1,144</b>	<b>20,257</b>

Trade receivables are amounts due from customers for services performed in the ordinary course of business and are generally due for settlement within 30 days and therefore are classified as current.

### **Note 7 Investment properties**

#### **Fair value**

At start of period	3,624,670	5,910,000
Additions	-	-
Reallocations to assets held for sale	-	(2,047,500)
Disposals	(3,624,670)	-
Fair value adjustments	-	(237,830)
<b>At end of year</b>	<b>-</b>	<b>3,624,670</b>

#### Basis of Valuation at 30 June 2024

Company policy is to hold properties initially at cost, and subsequently to obtain external valuations at least every third year (Note 2.8).

Properties were sold based on the operational needs of the program. On 9th February 2023, the directors of the Company decided to sell five of the investment properties which were reclassified as Assets Held for Sale at 30 June 2023. All properties were sold during the 2024 financial year with the first settlement occurring in August 2023 and the final in May 2024.

	2024	2023
	\$	\$
<b>Note 8 Assets held for sale</b>		
<b>Non-current assets held for sale</b>		
Land and buildings	-	2,047,500
<b>Total non-current assets held for sale</b>	<b>-</b>	<b>2,047,500</b>

### Note 9 Other assets

#### Current

Prepayments	22,500	22,134
<b>Total current other assets</b>	<b>22,500</b>	<b>22,134</b>

#### Non-current

Recoverable rental bonds	1,477	13,048
<b>Total non-current other assets</b>	<b>1,477</b>	<b>13,048</b>

### Note 10 Trade and other payables

Other Creditors	-	3,447
GST payable	123,202	-
Accrued expenses	20,000	42,875
<b>Total trade and other payables</b>	<b>143,202</b>	<b>46,322</b>

### Note 11 Unearned income

Standing charge	35,879	219,588
<b>Total unearned income</b>	<b>35,879</b>	<b>219,588</b>
<b>Total non-current assets held for sale</b>	<b>-</b>	<b>-</b>

Unearned income - Standing Charge represents the net of accrued Standing Charge and unearned income from Standing Charge and is equivalent to the maximum amount of Standing Charge repayable to the Victorian Government under the Implementation Agreement in the event of an Early Termination Event, as at 30 June 2024.

	2024	2023
<b>Note 12 Loan notes issued to investors</b>	<b>\$</b>	<b>\$</b>
Loan notes issued to investors	14,200,000	14,200,000
Fair value adjustment to loan notes	(13,170,226)	(7,467,478)
<b>Total fair value of loan notes issued to investors</b>	<b>1,029,774</b>	<b>6,732,522</b>

The Company issued Social Impact Bond (SIB) loan notes to raise \$14.2 million in funding from investors to fund the COMPASS Program.

Loan notes issued are treated as financial liability at fair value through profit or loss (FVTPL). The liability amount due to loan noteholders will vary over the period of the Program as explained in Note 2.7.

As at 30 June 2024, the change in fair value of loan notes issued represents net income received and expenditure incurred to date recognised in profit or loss (see Note 3), and \$5,200,000 of loan notes repaid during the 2024 financial year.

	2024	2023
<b>Note 13 Cash flow information</b>	<b>\$</b>	<b>\$</b>
<b>Reconciliation of surplus to net cash flows from operating activities</b>		
Net surplus/(deficit) for the period	-	-
Adjustment for change in fair value of investment properties	-	237,830
Adjustment for change in fair value of loan notes	(502,748)	(2,392,554)
Net loss on disposal of properties	278,011	-
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	19,113	63,392
Decrease/(Increase) in prepayments	(366)	(1,553)
Decrease/(Increase) in rental bonds	11,571	12,039
Increase in unearned income	(183,709)	(223,688)
Increase/(Decrease) in payables and other liabilities	96,880	(296,230)
<b>Cash flows from operating activities</b>	<b>(281,248)</b>	<b>(2,600,764)</b>

Note 14 <b>Financial instruments</b>	2024		2023	
	\$		\$	
Fair values	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash	1,183,734	1,183,734	1,270,823	1,270,823
Trade and other receivables	1,144	1,144	20,257	20,257
	<b>1,184,878</b>	<b>1,184,878</b>	<b>1,291,080</b>	<b>1,291,080</b>
<b>Financial liabilities</b>				
Trade and other payables	143,202	143,202	46,322	46,322
Loan notes issued to investors	1,029,774	1,029,774	6,732,522	6,732,522
	<b>1,172,976</b>	<b>1,172,976</b>	<b>6,778,844</b>	<b>6,778,844</b>

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

## Note 15 **Related party disclosures**

Transactions between the Company and related parties consist of the following: Anglicare Victoria and VincentCare Victoria are both registered members of Compass

Leaving Care Limited and loan noteholders of the Company's SIB loan notes. Both Anglicare Victoria and VincentCare Victoria have subscribed for 22,525 notes each.

Geoffrey Walsh, a Director of the Company up until 07/10/2021, has an interest in Acuity Super Pty Ltd, a loan noteholder with a subscription of 500 SIB loan notes.

The loan notes have been issued to Anglicare Victoria, VincentCare Victoria and Acuity Super Pty Ltd on the same basis as the other notes in accordance with the terms and conditions contained in the Information Memorandum, Loan Note Deed Poll and Loan Note Subscription Agreement.

The Company entered into the following agreements with Anglicare Victoria and VincentCare Victoria to deliver the COMPASS Program:

- Services Subcontract Agreement with Anglicare Victoria for the delivery of support, coordination, administration, and oversight services;
- Services Subcontract Agreement with VincentCare Victoria for the delivery of financial management and housing services;
- Interface Agreement with Compass Leaving Care Limited and Anglicare Victoria.

The general provisions of the services subcontracts follow the form of the Implementation Agreement. The services subcontracts also set out the amounts and timing of payments for delivery of the COMPASS Program.



	2024	2023
<b>Note 15 Related party disclosures (cont.)</b>	<b>\$</b>	<b>\$</b>
<b>Transactions with related parties</b>		
The following transactions occurred with related parties:		
<b>Loan notes issued to and paid up by related parties</b>		
Anglicare Victoria	2,252,500	2,252,500
VincentCare Victoria	2,252,500	2,252,500
Acuity Super Pty Ltd	-	50,000
	<b>4,505,000</b>	<b>4,555,000</b>
<b>Purchase of services from</b>		
Anglicare Victoria	132,419	1,363,151
VincentCare Victoria	92,355	349,663
	<b>224,774</b>	<b>1,712,814</b>
<b>Note coupon paid to related parties</b>		
Anglicare Victoria	-	54,430
VincentCare	-	54,430
Acuity Super Pty Ltd	-	1,208
	-	110,068
<b>Outcome payments paid to related parties</b>		
Anglicare Victoria	201,278	113,758
VincentCare Victoria	201,278	113,758
Acuity Super Pty Ltd	-	2,525
	<b>402,556</b>	<b>230,041</b>
<b>Proceeds from sales of properties paid to related parties</b>		
Anglicare Victoria	1,026,137	-
VincentCare	1,026,137	-
Acuity Super Pty Ltd	-	-
	<b>2,052,274</b>	<b>-</b>

As at 30 June 2024, there were no outstanding amounts due to Anglicare Victoria and VincentCare Victoria in relation to services provided during the year.

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**Note 16 Economic dependency**

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A significant portion of the Company's revenue is provided by the Victorian Government in the forms of: Standing Charge and Outcome Payments.

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**Note 17 Principal place of business**

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

103 Hoddle Street, Collingwood, VIC, 3066

Tel: 03 9412 6022

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**Note 18 Members' guarantee**

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Compass Leaving Care Limited is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. At 30 June 2024, the number of members was two.

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**Note 19 Remuneration of auditors**

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The auditor of Compass Leaving Care Limited is PricewaterhouseCoopers Australia.

The remuneration of auditors is disclosed in Note 4. No other services were provided during the year.

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**Note 20 Subsequent events**

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No matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect:

- (a) the operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the state of affairs in future financial years.

# Directors' Declaration

In the opinion of the Directors:

(a) the financial statements and notes presented are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) complying with Accounting Standards - Simplified Disclosures and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the entity's financial position as at 30 June 2024 and of its performance for the financial period ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**Paul McDonald**

Director

Dated: 23 September 2024



# Independent Auditor's Report

To the members of Compass Leaving Care Limited

## Our opinion

In our opinion:

The accompanying financial report of Compass Leaving Care Limited (the Company) is in accordance with Division 60 of the *Australian Charities and Not For Profits Commission (ACNC) Act 2012*, including:

- a. giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended
- b. complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not For Profits Commission Regulations 2022*.

## What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2024
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

## Independence

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



### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not For Profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the 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, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

PricewaterhouseCoopers

Anthony Vlavianos  
Partner

Melbourne  
23 September 2024



COMPASS