

**Diversity Council Australia Limited**

ACN 006 898 406

Annual Report

For the year ended 31 December 2021

# **Diversity Council Australia Limited**

**(ACN 006 898 406)**

<b>Contents</b>	<b>Page</b>
Directors' Report	2
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	22
Independent Audit Report	23

# Directors' Report

**Diversity Council Australia Limited**  
**For the year ended 31 December 2021**

The directors present their report together with the financial statements of Diversity Council Australia Limited (the Company) for the financial year ended 31 December 2021 and the auditor's report thereon.

## 1. Directors

The directors of the Company at any time during or since the end of the financial year are as follows. For further information in regards to the Directors, refer to <https://www.dca.org.au/about-dca/our-board>:

- Abbie Wright
- Amanda Revis
- Chris Lamb (appointed 15 September 2021)
- Lieutenant General (Retired) David Morrison AO (resigned 23 June 2021)
- Elizabeth Hristoforidis (resigned 23 June 2021)
- Harry Rolf (appointed 23 June 2021)
- Julie Canepa (appointed 23 June 2021)
- Kate Russell
- Ming Long
- Stephen Barrow-Yu
- Tanya Ha
- Tim Fawcett (resigned 23 June 2021)
- Shawn Wilkey

## 2. Directors' meetings

The number of directors' meetings held and number of meetings attended by each of the directors of the Company during the financial year were:

<b>2021 Board Meetings</b>	<b>Eligible</b>	<b>Attended</b>
Abbie Wright	5	5
Amanda Revis	5	4
Chris Lamb*	1	1
David Morrison*	2	2
Elizabeth Hristoforidis*	2	2
Harry Rolf*	3	3
Julie Canepa*	3	3
Kate Russell	5	4
Ming Long	5	5
Stephen Barrow-Yu	5	4
Tanya Ha	5	4
Tim Fawcett*	2	2
Shawn Wilkey	5	3

\*Indicates director for part year only

# Directors' Report

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 3. Objectives

Diversity Council Australia (DCA) is the independent not-for-profit peak body leading diversity and inclusion in the workplace. We provide unique research, inspiring events and programs, curated resources and expert advice across all diversity dimensions to a community of member organisations.

- Our **belief** is that diversity and inclusion is good for people and business.
- Our **vision** is to create a more diverse and inclusive Australia.
- Our **mission** is to encourage and enable Australian organisations to create diverse and inclusive workplaces.

DCA has over 1,000 member organisations, many of whom are Australia's business diversity leaders and biggest employers.

### The long-term objectives of the Company are:

- To promote and advance inclusion and diversity by influencing members to create more diverse and inclusive workplaces for the benefit of individuals, organisations and the broader community, with a focus on individuals that have been historically disadvantaged or underrepresented in the labour market;
- To achieve the above in a financially sustainable manner.

### The short-term objectives of the Company are:

- To build internal capability so that we can continue to deliver quality research, programs and resources in a sustainable way
- To deliver cutting edge diversity and inclusion research, and develop high impact tools from the research for organisations
- To improve member value proposition by enhancing our services and the way in which they are delivered
- To grow the membership base in order to maximise our influence and engagement of the business community to create diverse and inclusive workplaces
- To broaden the diversity and inclusion conversation in the business and wider community.

### Strategy for achieving objectives

- Encourage employers to create more diverse and inclusive workplaces for the benefit of the organisation and the broader community, especially those that are historically disadvantaged or underrepresented in workplaces;
- Establish and demonstrate what is leading thinking and practice on diversity and inclusion in an Australian context;
- Assist members to implement successful diversity and inclusion strategies and programs;
- Promote the implementation of effective diversity compliance management in a changing legislative environment;
- Conduct evidence-based research and publish reports identifying and analysing issues relevant to business diversity and inclusion theory, management and practice and related matters, including social and economic issues and to provide a business and community forum for the discussion of such issues and to compile information and research material in relation thereto;
- Develop, promulgate and disseminate ideas in furtherance of the objects of the Company and to promote discussion thereon;
- Contribute to the process of public policy making and to encourage the utilization by members of the experiences and expertise of the Company;
- Publish and disseminate information concerning diversity and inclusion in Australia and/or social and economic conditions or issues, or any aspect thereof, or issues relating thereto, relevant to diversity and inclusion or concerning the ideas, objects and policies of the Company;

# Directors' Report

Diversity Council Australia Limited  
For the year ended 31 December 2021

- Co-ordinate and make available expert knowledge and products in connection with the development of diversity and inclusion programs in Australia;
- Promote communication, discussion and debate between representatives of Australian business, governments, employee and employer representatives, academies, educational institutions and other groups of interested citizens and to foster and promote attitudes and strategies for change conducive to the promotion of diversity and inclusion management and practice.

#### 4. Principal activities

The principal activities of the Company during the course of the financial year were as follows:

- Undertook research into diversity and inclusion related matters;
- Conducted events to share knowledge and research findings;
- Enhanced resources available on all diversity dimensions such as inclusion, gender, culture and religion, generational and mature age, Aboriginal and/or Torres Strait Islander background, LGBTIQ+, disability and accessibility, flexibility and work-life, domestic violence, and mental health.

There were no significant changes in the nature of the activities of the Company during the year.

The Company measures its performance using the following Key Performance Indicators:

Measure	2021 Performance
Build internal capability	Increased staff education on diversity and inclusion, team building and ongoing cybersecurity awareness.
Deliver cutting edge research and high impact member tools	Released six research projects. Increased the member uptake of the Inclusion@Work Member Index by 60%. Launched a new D&I 101 eLearning module.
Improve member value proposition	Significantly increased member contact combined with improved services that resulted in very high retention rates and greater engagement in services. This included increased answering of 'Ask DCA' diversity and inclusion queries; increased event registrations by 23%; expansion of website resources with increased member users by 35%; expanded capability for knowledge program workshops with a doubling of workshops delivered.
Grow the membership base	Provided ongoing, quality services to retain existing members and attract new members, resulting in net growth of member numbers by 32% and member revenue by 22%.
Broaden the D&I conversation	Increased media coverage on DCA and its activities, especially around major research releases. Substantially grew website and social media audiences. Provided input to more government enquiries related to D&I.
Financial outcomes	Achieved a surplus over \$691,000, and cash reserves over \$4,200,000.

# Directors' Report

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 5. Membership

The Company is an entity incorporated under the Australian Charities and Not-for-profits Commission Act 2012 and is public company limited by guarantee and without share capital. If the entity is wound up, the constitution of the Company states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the Company.

The number of members as at 31 December 2021 was 987 (2020: 745). The total amount that members of the Company are liable to contribute if the Company is wound up is \$98,700 (2020: \$74,500).

## 6. Impact of novel coronavirus

The COVID-19 pandemic had a lesser effect on the operations of the Company during the course of the financial period than in the previous year.

The Company's event and sponsorship revenue recovered somewhat as members became accustomed to holding many events and workshops online.

The Company continued to provide a full suite of member services, with a modified approach to their delivery. Special resources and events continued to be provided to ensure members received the necessary support to assist them through the COVID-19 pandemic.

In response to the pandemic, and the adverse impact it had on many businesses, the Company varied membership arrangements on an as needed basis. This was undertaken in consultation with the specific members, and in a manner, which considered how the Company could continue to support them during a time of adversity.


## 7. Auditor's independence declaration

The Auditor's independence declaration is set out on page 6.

This report is made in accordance with a resolution of the directors:



Ming Long AM



Chris Lamb

Dated at Sydney this 31st day of May 2022.

**DECLARATION OF INDEPENDENCE BY ELYSIA ROTHWELL TO THE DIRECTORS OF DIVERSITY COUNCIL AUSTRALIA LIMITED**

As lead auditor of Diversity Council Australia Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



**Elysia Rothwell**  
Director

**BDO Audit Pty Ltd**

Sydney

31 May 2022

# Statement of Profit or Loss and Other Comprehensive Income

Diversity Council Australia Limited  
For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	5	3,540,026	3,261,849
Employee benefits expense	6	(2,088,639)	(1,838,947)
Depreciation expense		(100,675)	(81,970)
Finance costs		(6,346)	(8,192)
Other expenses	7	(652,415)	(493,974)
<b>Surplus for the year</b>		<b>691,951</b>	<b>838,766</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total surplus and other comprehensive income for the year</b>		<b>691,951</b>	<b>838,766</b>

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.



# Statement of Financial Position

Diversity Council Australia Limited  
As at 31 December 2021

	Note	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	2,474,844	1,407,420
Trade and other receivables	9	177,078	183,658
Prepayments		109,931	95,904
Term deposits		1,788,523	1,770,302
<b>Total current assets</b>		<b>4,550,376</b>	<b>3,457,284</b>
<b>NON-CURRENT ASSETS</b>			
Deposits		7,000	7,000
Property, plant and equipment	10	149,402	244,152
Intangibles	11	49,530	-
<b>Total non-current assets</b>		<b>205,932</b>	<b>251,152</b>
<b>Total assets</b>		<b>4,756,308</b>	<b>3,708,436</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	169,726	164,106
Provisions	13	246,519	255,076
Unearned income		2,085,888	1,635,584
Lease liability	14	99,413	94,243
<b>Total current liabilities</b>		<b>2,601,546</b>	<b>2,149,009</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	30,696	25,615
Lease liability	14	17,057	118,754
<b>Total non-current liabilities</b>		<b>47,753</b>	<b>144,369</b>
<b>Total liabilities</b>		<b>2,649,299</b>	<b>2,293,378</b>
<b>Net assets</b>		<b>2,107,009</b>	<b>1,415,058</b>
<b>EQUITY</b>			
Retained earnings		2,107,009	1,415,058
<b>Total equity</b>		<b>2,107,009</b>	<b>1,415,058</b>

The accompanying notes form an integral part of this Statement of Financial Position.

# Statement of Changes in Equity

Diversity Council Australia Limited  
For the year ended 31 December 2021

	<b>Attributable to equity holders of the Company</b> \$
<b>Retained Earnings</b>	
Balance as at 1 January 2020	576,292
Surplus for the year	838,766
Other comprehensive income	-
	<hr/>
	1,415,058
<b>Balance at 31 December 2020</b>	<hr/> <hr/>
	<b>Attributable to equity holders of the Company</b> \$
<b>Retained Earnings</b>	
Balance as at 1 January 2021	1,415,058
Surplus for the year	691,951
Other comprehensive income	-
	<hr/>
	2,107,009
<b>Balance at 31 December 2021</b>	<hr/> <hr/>

The accompanying notes form an integral part of this Statement of Changes in Equity.

# Statement of Cash Flows

Diversity Council Australia Limited  
For the year ended 31 December 2021

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers (GST incl.)		4,346,470	3,716,673
Cash payments to suppliers and employees (GST incl.)		(3,120,717)	(2,527,354)
Interest received		18,222	42,434
Interest paid		(6,346)	(8,192)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>1,237,629</b>	<b>1,223,561</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Payments for fixed assets		(9,243)	(63,787)
Payments for intangible assets		(50,275)	-
Investment in term deposits		(18,222)	(242,223)
Proceeds from disposal of fixed assets		-	1,219
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(77,740)</b>	<b>(304,791)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(92,465)	(51,828)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(92,465)</b>	<b>(51,828)</b>
<b>Net increase in cash and cash equivalents held</b>		<b>1,067,424</b>	<b>866,942</b>
Cash at the beginning of the financial year		<hr/>	<hr/>
		1,407,420	540,478
<b>Cash at the end of the financial year</b>	8	<hr/> <hr/>	<hr/> <hr/>
		2,474,844	1,407,420

The accompanying notes form an integral part of this Statement of Cash Flows.

# Notes to the Financial Statements

**Diversity Council Australia Limited**  
**For the year ended 31 December 2021**

## **1 Reporting entity**

Diversity Council Australia Limited (DCA) (the Company) is a reporting entity and an unlisted not-for-profit public company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office is Hub Customs House, Level 3 & 4, 31 Alfred Street, Sydney, NSW 2000. The financial statements of the Company are as at and for the year ended 31 December 2021.

## **2 Basis of preparation**

### **a) Statement of compliance**

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission (ACNC).

The financial statements were approved by the Board of Directors on 27 May 2022.

### **b) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

### **c) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Company's functional currency.

### **d) Use of estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Any information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, is included in the notes to the accounts where relevant.

#### *Benefits received for less than market value*

In 2021 DCA received media support and event speaker and training services from 2 members for which DCA was not required to pay compensation. DCA did provide these 2 member organisations with some benefits. The value of the benefits provided by DCA was less than the market value of the benefits received by DCA from the 2 member organisations.

#### *Value of Volunteer Services*

No volunteer services were provided for the year ended 31 December 2021.

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 3 Changes in accounting policies

A number of new standards are effective from 1 January 2021 but they do not have a material effect on the Company's financial statements.

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Financial instruments

#### (i) *Non-derivative financial assets*

Financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company has the following non-derivative financial assets: loans and receivables.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of trade receivables.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

#### (ii) *Non-derivative financial liabilities*

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 4 Significant accounting policies (continued)

### (b) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour,
- any other costs directly attributable to bringing the assets to a working condition for their intended use,
- when the Company has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- capitalised borrowing costs

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### (ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

#### (iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- |                       |              |
|-----------------------|--------------|
| • plant and equipment | 3 – 15 years |
| • Right-of-use assets | 3 years      |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 4 Significant accounting policies (continued)

### (c) Intangible assets

#### (i) *Research and development*

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

#### (ii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### (iii) *Amortisation*

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

- capitalised development costs – eLearning module 4 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### (d) Impairment

#### (i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy or economic conditions that correlate with defaults.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 4 Significant accounting policies (continued)

### (d) Impairment

#### (i) *Non-derivative financial assets (continued)*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### (ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (e) Employee benefits

#### (i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### (ii) *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.



# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 4 Significant accounting policies (continued)

### (e) Employee benefits (continued)

#### (iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### (f) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of goods and services tax. Revenue is recognised when control of a promised good or service (performance obligation) is passed to the customer at an amount which reflects the expected consideration. Where there is a difference between the timing of the payment for the sale of the goods and rendering of services and the satisfaction of the related performance obligations, a contract liability (unearned revenue) is recognised.

#### (i) Membership fees

Membership consideration consists of a recurring annual fixed amount and the member receives and consumes the benefits of the services as the Company provides them. As a result, revenue is recognised on a straight-line basis over the membership term.

#### (ii) Sponsorship and operating grants

When the Company receives sponsorship or operating grant revenue, it assesses whether the contract is enforceable and has sufficient specific performance obligations in accordance with AASB 15. When both these conditions are satisfied the Company identifies each performance obligation relating to the sponsorship, recognises a contract liability (unearned revenue) for these obligations and recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations the Company either recognises the asset received in accordance with the requirements of other applicable accounting standards, recognises related amounts or recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

#### (iii) Consultancy and advisory income

Revenue from consultancy and advisory services is recognised when control of each performance obligation is satisfied, which is generally at the time the service is performed.

#### (iv) Seminars and workshops online

Revenue from seminars and workshops is recognised when control of each performance obligation is satisfied, which is generally at the time the seminar and workshop is delivered.

#### (v) Sales of goods

Revenue from sales of goods is earned from the sale of the Company's eLearning module. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred.

### (g) Finance income and finance costs

Interest income on funds invested is recognised as it accrues in profit or loss, using the effective interest method.

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 4 Significant accounting policies (continued)

### (h) Goods and services tax

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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flow arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### (i) Income Tax

As the Company is a charitable institution in terms of section 50-5 of the *Income Tax Assessment Act 1997* (as amended), it is exempt from the payment of income tax.

### (j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

#### *As a lessee*

The Company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

## 4 Significant accounting policies (continued)

### (j) Leases (continued)

Lease payments included in the measurements of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Short-term leases and leases of low value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### *Non-lease components*

At inception or on modification of a contract that contains a lease component, the Company has chosen to combine lease and any associated non-lease components and account for them as lease components.

#### *As a lessor*

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

	2021	2020
	\$	\$
<b>5. Revenue</b>		
Membership fees	2,968,830	2,425,762
Consultancy	13,457	13,968
Sponsorship and functions	189,521	199,833
Seminars and workshops	342,608	138,635
Interest income	10,587	28,247
FBT employee contributions	15,023	16,401
Rent contribution – Occupancy	-	14,600
Rent contribution – Other expenses	-	9,600
Other income	-	13,303
Government grants – JobKeeper	-	301,500
Government grants – Cash flow boost	-	100,000
	<u>3,540,026</u>	<u>3,261,849</u>
<b>6. Employee benefits expense</b>		
Employee benefits expense	1,828,110	1,647,067
Contributions to defined contribution plans	186,527	158,770
Other associated personnel expenses	74,002	33,110
	<u>2,088,639</u>	<u>1,838,947</u>
<b>7. Other expenses</b>		
Cost of sales – conferences, and consulting	41,258	15,474
Media and publications	45,113	42,366
Member benefits and functions	61,100	75,788
Office and occupancy	62,402	74,531
Project expenses	85,734	44,070
Travel and accommodation	14,198	17,658
Website and communications	61,415	54,505
Office and other expenses	281,195	169,582
	<u>652,415</u>	<u>493,974</u>
<b>8. Cash and cash equivalents</b>		
Bank balances	2,474,844	1,407,420
Cash and cash equivalents in the statement of cash flows	<u>2,474,844</u>	<u>1,407,420</u>
<b>9. Trade and other receivables</b>		
Trade receivables	185,296	183,044
Provision for expected credit losses	(12,624)	(11,427)
Accrued income	4,406	12,041
	<u>177,078</u>	<u>183,658</u>

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

	2021 \$	2020 \$
<b>10. Property, plant and equipment</b>		
<i>Plant and equipment</i>		
At cost	70,385	61,141
Accumulated depreciation	(22,390)	(8,184)
	<u>47,995</u>	<u>52,957</u>
 <i>Right-of-use assets</i>		
Level 3 & 4, 31 Alfred St, Sydney NSW 2000		
At cost	261,958	264,825
Accumulated depreciation	(160,550)	(73,630)
	<u>101,408</u>	<u>191,195</u>
 <i>Reconciliation of movement in property plant and equipment</i>		
Carrying amount at beginning of year	244,152	193
Additions	9,243	328,612
Disposals	-	(2,683)
ROUA adjustment	(4,062)	-
Depreciation expenses	(99,931)	(81,970)
	<u>149,402</u>	<u>244,152</u>
 <b>11. Intangibles</b>		
<i>eLearning module</i>		
<i>Reconciliation of movement in eLearning module</i>		
Carrying amount at beginning of year	-	-
Additions	50,275	-
Amortisation	(745)	-
	<u>49,530</u>	<u>-</u>
 <b>12. Trade and other payables</b>		
<b>Current</b>		
Trade payables	28,643	53,863
Other payables	65,310	75,178
Goods and services tax	35,992	21,615
Accrued expenses	39,781	13,450
	<u>169,726</u>	<u>164,106</u>
 <b>13. Provisions</b>		
<b>Current</b>		
Liability for employee entitlements	246,519	255,076
	<u>246,519</u>	<u>255,076</u>
 <b>Non-current</b>		
Liability for employee entitlements	30,696	25,615
	<u>30,696</u>	<u>25,615</u>

# Notes to the Financial Statements

Diversity Council Australia Limited  
For the year ended 31 December 2021

	2021	2020
	\$	\$
<b>14. Lease liability</b>		
<b>Current</b>		
Lease liability	99,413	94,243
	<u>99,413</u>	<u>94,243</u>
<b>Non-current</b>		
Lease liability	17,057	118,754
	<u>17,057</u>	<u>118,754</u>

## 15. Related parties

### Key management personnel compensation

The key management personnel compensation paid or payable was \$291,015 for the year ended 31 December 2021 (2020: \$291,094).

### Key management personnel transactions and balance with the Company

No key management personnel or director of the Company have transacted with the Company since the end of the previous financial year and there were no outstanding balances involving key management personnel's interests existing at year-end.

### Transactions with related parties

All transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

## 16. Events after the reporting date

There have been no events subsequent to balance date which would have a material effect on the Company's financial statements at 31 December 2021.

# Directors' Declaration

In the opinion of the directors of Diversity Council Australia Limited (the Company):

- (a) the financial statements and notes of the Company are in accordance with 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 2021 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
- (c) 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:



Ming Long AM



Chris Lamb

Dated at Sydney this 31st day of May 2022

## INDEPENDENT AUDITOR'S REPORT

To the members of Diversity Council Australia Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Diversity Council Australia Limited (the registered entity), which comprises the statement of financial position as at 31 December 2021, 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 report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Diversity Council Australia Limited, is 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 registered entity's financial position as at 31 December 2021 and of its financial performance for the year then 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 the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

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





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

If, based on the work we have performed on the other information 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 responsible entities for the Financial Report**

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

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

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

#### **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) 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.

**BDO Audit Pty Ltd**

The BDO logo, consisting of the letters 'BDO' in a stylized, handwritten font.

A handwritten signature in cursive script that reads 'Elysia Rothwell'.

Elysia Rothwell  
Director

Sydney, 31 May 2022