

**PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.**  
**ABN 93 736 262 050**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

**PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.  
ABN 93 736 262 050**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED  
31 DECEMBER 2017**

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**PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.**  
**ABN 93 736 262 050**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

	Note	2017	2016
		\$	\$
<b>INCOME</b>			
Skills Victoria		949,129	1,217,467
School Funding - Federal Government		1,072,842	-
School Funding - State Government		185,175	-
ACFE income		294,724	295,462
Student fees		113,051	149,226
City of Darebin		43,956	37,809
AMEP		153,902	142,593
Hire income		136,813	147,542
Pageturners		48,340	50,235
SEE		56,616	73,195
DHS co-ordination		58,595	55,568
Fee for service		27,171	32,281
Interest received		20,162	11,631
Grants		353,873	216,917
Sundry income		36,336	14,984
		<u>3,550,685</u>	<u>2,444,910</u>
<b>EXPENDITURE</b>			
Accounting		45,629	31,462
Advertising		7,937	6,780
Bank charges		1,561	1,743
Classroom supplies		45,112	17,919
Cleaning and maintenance		35,975	21,035
Committee of management expenses		1,906	979
Computer expenses		753	3,483
Depreciation		69,928	69,175
Insurance		6,589	5,935
Light and power		37,817	29,644
Loss on disposal of fixed assets		47,133	-
Motor vehicle expenses		5,192	8,758
Pageturners		42,821	51,626
Printing and stationery		82,187	50,647
Project payments		23,744	43,362
Rates		1,703	2,817

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**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

	Note	2017	2016
		\$	\$
<b>EXPENDITURE (cont.)</b>			
Rent		106,857	130,309
Salaries and wages		2,075,522	1,801,304
Security		1,034	480
Staff amenities		19,849	6,027
Staff training and development		3,988	13,294
Student fees and supplies		4,850	1,502
Subscriptions		11,731	11,578
Sundry expenses		36,303	9,863
Superannuation		158,066	151,292
Telephone		29,318	20,260
Travel		5,039	1,882
Workcover		6,653	17,062
		<u>2,915,197</u>	<u>2,512,234</u>
Surplus/(loss) before income tax		635,488	(67,324)
Income tax expense		<u>-</u>	<u>-</u>
Surplus/(loss) after income tax		<u>635,488</u>	<u>(67,324)</u>

**PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.**  
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**ASSETS AND LIABILITIES STATEMENT**  
**AS AT 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash	2	1,717,009	597,182
Trade and other receivables	3	206,135	230,289
Financial assets	4	75,779	73,883
<b>TOTAL CURRENT ASSETS</b>		<u>1,998,923</u>	<u>901,354</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	460,316	181,848
<b>TOTAL NON-CURRENT ASSETS</b>		<u>460,316</u>	<u>181,848</u>
<b>TOTAL ASSETS</b>		<u>2,459,239</u>	<u>1,083,202</u>
<b>CURRENT LIABILITIES</b>			
Trade and other creditors	6	636,358	176,794
Amounts received in advance	7	252,332	43,319
Provisions	8	371,848	271,133
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,260,538</u>	<u>491,246</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	8	22,227	50,970
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>22,227</u>	<u>50,970</u>
<b>TOTAL LIABILITIES</b>		<u>1,282,765</u>	<u>542,216</u>
<b>NET ASSETS</b>		<u>1,176,474</u>	<u>540,986</u>
<b>MEMBERS' FUNDS</b>			
Retained profits		1,176,474	540,986
<b>TOTAL MEMBERS' FUNDS</b>		<u>1,176,474</u>	<u>540,986</u>

PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.  
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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED  
31 DECEMBER 2017

	Retained Earnings \$	Total \$
<b>Balance at 1 January 2016</b>	606,294	606,294
Surplus/(Loss) attributable to the entity	(65,308)	(65,308)
Other comprehensive income	-	-
<b>Balance at 31 December 2016</b>	540,986	540,986
Surplus/(Loss) attributable to the entity	635,488	635,488
Other comprehensive income	-	-
<b>Balance at 31 December 2017</b>	<u>1,176,474</u>	<u>1,176,474</u>

**PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cashflow from government and non-government sources		3,996,121	2,317,188
Payments to employees		(2,162,635)	(1,654,624)
Payments to suppliers		(336,396)	(613,697)
Interest received		20,162	11,644
		<u>20,162</u>	<u>11,644</u>
Net Cash provided by/(used in) operating activities	9	<u>1,517,252</u>	<u>60,511</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Funds invested in term deposits		(1,896)	(1,954)
Proceeds from sale of property, plant & equipment		-	-
Payments for purchase of property and equipment		(395,529)	(13,257)
		<u>(395,529)</u>	<u>(13,257)</u>
Net Cash provided by/(used in) investing activities		<u>(397,425)</u>	<u>(15,211)</u>
Net increase/(decrease) in cash held		1,119,827	45,300
Cash at the beginning of the year		597,182	551,882
Cash at the end of the year	2	<u><u>1,717,009</u></u>	<u><u>597,182</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2017

**Note 1: Statement of Significant Accounting Policies**

This financial report is special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Reform Act 2012 (Vic). The committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuation of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in preparation of this financial report.

**a. Cash and Cash Equivalents**

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

**b. Income Tax**

The Association is exempt from paying income tax by virtue of Section 50-45 of the Income Tax Assessment Act, 1997. Accordingly, tax effect accounting has not been adopted.

**c. Property, Plant and Equipment**

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all property, plant and equipment is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use. Leasehold Improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

**d. Employee Entitlements**

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

Provision is made for the Association's liability for long service leave from commencement of 5 years eligible employment.

**e. Provisions**

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2017

**Note 1: Statement of Significant Accounting Policies (cont.)**

**f. Impairment of Assets**

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

**g. Revenue**

Revenue is brought to account when received and to the extent that it relates to the subsequent period it is disclosed as a liability.

***Grant Income***

Grant income received, other than for specific purposes, is brought to account over the period to which the grant relates.

***Deferred Income***

Unspent grant income received in relation to specific projects and events is not brought to account as revenue in the current year but deferred as a liability in the financial statements until spent for the purpose received.

***Interest Revenue***

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

***Donations***

Donation income is recognised when the entity obtains control over the funds which is generally at the time of receipt. All revenue is stated net of the amount of goods and services tax (GST).

**h. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Note 2: Cash and cash equivalents</b>		
Cash on hand	1,004	1,387
Cash at bank	1,640,790	521,972
Short term deposits	75,215	73,823
	<u>1,717,009</u>	<u>597,182</u>
<b>Note 3: Trade and other receivables</b>		
Fees outstanding	89,332	212,412
Deposits paid	10,350	10,350
Prepayments	23,019	6,772
Accrued income	83,434	755
	<u>206,135</u>	<u>230,289</u>
<b>Note 4: Financial assets</b>		
Term Deposits	75,779	73,883
	<u>75,779</u>	<u>73,883</u>
<b>Note 5: Property, plant and equipment</b>		
Property, plant and equipment - at cost	785,198	523,775
Less accumulated depreciation	(324,882)	(341,927)
	<u>460,316</u>	<u>181,848</u>
<b>Note 6: Trade and other payables</b>		
Trade Creditors and accruals	542,630	112,964
GST payable	93,728	63,830
	<u>636,358</u>	<u>176,794</u>
<b>Note 7: Amounts received in advance</b>		
Funds in advance	252,332	43,319
	<u>252,332</u>	<u>43,319</u>
<b>Note 8: Provisions</b>		
<b>Non-current</b>		
Provision for employee entitlements	371,848	271,133
	<u>371,848</u>	<u>271,133</u>
<b>Non-current</b>		
Provision for employee entitlements	22,227	50,970
	<u>22,227</u>	<u>50,970</u>

**PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Note 9: Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax</b>		
Surplus after income tax	635,488	(67,324)
Non-cash flows in surplus		
- Depreciation	69,928	69,175
- (Profit)/loss on sale of assets	47,133	(481)
Changes in assets and liabilities;		
- (Increase)/decrease in trade and other debtors	24,154	(82,565)
- Increase/(decrease) in trade and other payables	459,564	33,305
- Increase/(decrease) in amounts received in advance	209,013	(32,559)
- Increase/(decrease) in provisions	71,972	138,944
Net cash provided by operating activities	1,517,252	58,495

**PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.  
ABN 93 736 262 050**

**STATEMENT BY MEMBERS OF THE COMMITTEE  
FOR THE YEAR ENDED  
31 DECEMBER 2017**

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 1 to 9:

1. Presents a true and fair view of the financial position of Preston Reservoir Adult Community Education Inc. as at 31 December 2017 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that the Preston Reservoir Adult Community Education Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

*C Michael*

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Chairperson

Dated: May 22 2018

*F Baxter*

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Treasurer

Dated: May 23 2018

PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.

ABN 93 736 262 050

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.**

**Opinion**

I have audited the accompanying financial report, of Preston Reservoir Adult Community Education Inc., which comprises the assets and liabilities statement as at 31 December 2017, statement of changes in equity, statement of cash flows and the income and expenditure statement for the year then ended, notes comprising a summary of significant accounting policies and the certification by members of the committee.

In my opinion, the accompanying financial report of Preston Reservoir Adult Community Education Inc.:

- a) gives a true and fair view of the association's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- b) complies with Australian Accounting Standards to the extent described in Note 1 to the financial statements, and the requirements of the Associations Incorporation Reform Act 2012 (Vic).

*Basis for Opinion*

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the association in accordance with the Associations Incorporation Reform Act 2012 (Vic) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

*Emphasis of Matter - Basis of Accounting*

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the association's reporting responsibilities under the Associations Incorporation Reform Act 2012 (Vic). As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

*Responsibility of the Committee for the Financial Report*

The committee of the association are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 of the financial report is appropriate to meet the requirements of the Associations Incorporation Reform Act 2012 (Vic) and the needs of the members. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibility for the Audit of the Financial Report*

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

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



Sean Denham

Dated: 24th May 2017  
Suite 1, 707 Mt Alexander Road  
Moonee Ponds VIC 3039

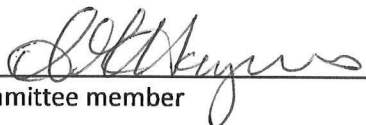
PRESTON RESERVOIR ADULT COMMUNITY EDUCATION INC.  
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CERTIFICATE BY MEMBER OF THE COMMITTEE

I ANN HAYNES, of 70 FENWICK ST. Clifton Hill, certify that:  
(name) (address)

a. I attended the annual general meeting of the association held on 24/05/2018  
(date)

b. The financial statements for the year ended 31 December 2017 were submitted to the members of the Association at its annual general meeting.

  
Committee member

Dated: 24/05/2018