Penington Institute

ABN 23 005 070 102

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

PENINGTON INSTITUTE
ABN 23 005 070 102

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PENINGTON INSTITUTE
ABN 23 005 070 102

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2017.

The names of the directors in office at anytime during or since the end of the year are:

Professor Steve Wesselingh (Chair to November 2017) (resigned November 2017)
The Hon. Robert Knowles AO
Mr Scott Wilson
Professor Ian Gust AO
Kathryn Greiner AO (Chair from November 2017)
Professor David Castle
Lucinda Nolan PSM

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

The net Profit of the company for the financial year amounted to $115,664 (2016: Profit of $8,066).

No significant changes in the company's state of affairs occurred during the financial year.

The principal activities of the company during the financial year were:

Training and workforce development support to frontline health service staff working with people who use drugs.

Policy advice to government on approaches to address drug use and related issues.

Research on drug-related issues and recommended solutions.

Raising funds through government and philanthropic grants for specific drug use related projects

No significant change in the nature of these activities occurred during the financial year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

The Directors are not aware of any specific developments that are likely to have a material effect on the operations of the company or the expected results of those operations in future financial years.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of the State.

PENINGTON INSTITUTE

DIRECTORS' REPORT

Information on Directors

Steve Wesselingh
Experience: Specialist in infectious diseases, immunology and public health.
Director since March 2007 (Chair from February 2011 to November 2017, Resigned November 2017)
Research Advisory Committee Chair

Robert Knowles
Experience: Consultant/advisor in the health sector and previous Victorian Health Minister.
Director since June 2009.

Scott Wilson
Experience: Drug and alcohol, and Aboriginal affairs
Director since October 2011

Ian Gust
Experience: Medical researcher, virologist, and former science administrator
Director since November 2012
Audit, Finance and Risk Management Committee Chair

Kathryn Greiner
Experience: Chair/advisor in the health and education sector
Director since July 2014 (Chair from November 2017)

Lucinda Nolan
Experience: Emergency Services Executive
Director since March 2016

David Castle
Experience: Professor of Psychiatry
Director since March 2016

PENINGTON INSTITUTE

DIRECTORS' REPORT

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

	Date Appointed	Meetings Attended
Professor Steve Wesselingh (Chair,Resigned Nov 17)	March 2007	3 out of 3
The Hon. Robert Knowles AO	June 2009	3 out of 4
Mr Scott Wilson	October 2011	3 out of 4
Professor Ian Gust AO	November 2012	3 out of 4
Kathryn Greiner AO (Chair from November 2017)	July 2014	2 out of 4
Lucinda Nolan PSM	March 2016	3 out of 4
Professor David Castle	March 2016	2 out of 4

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of the board of directors:

Director ______________________ Ian D Gust

Dated this 6th **day of** October **2017**

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF THE
PENINGTON INSTITUTE

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Haines Muir Hill

Haines Muir Hill
Chartered Accountants
Level 1, 888 Doncaster Road
DONCASTER EAST VIC 3109

Kristian Lunardello
Partner

Dated this 5th day of October 2017

Haines Muir Hill Represented in all states and associated offices throughout the world Telephone +613 9840 2200 Fax +613 9840 1188
888 Doncaster Road, Doncaster East, Victoria 3109 Australia PO Box 1385 Doncaster East, Victoria 3109 Australia www.hmh.com.au

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue	2	1,487,435	1,144,276
Other revenue	2	171,790	349,002
Employee expenses		(1,142,534)	(965,070)
Depreciation expense		(20,416)	(22,194)
Finance expenses		(10,348)	(15,955)
Project expenses		(268,608)	(291,503)
Other expenses	3	(202,623)	(170,330)
Profit / (loss) for the year		14,695	28,226
Other comprehensive income:			
Fair value gains/(losses) on available-for-sale financial assets		100,969	(20,160)
Other comprehensive income for the year		100,969	(20,160)
Total comprehensive income for the year		115,664	8,066

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	828,943	471,207
Trade and other receivables	5	17,538	14,832
Other current assets	6	16,519	16,881
Financial assets	7	642,375	1,063,437
TOTAL CURRENT ASSETS		1,505,375	1,566,357
NON-CURRENT ASSETS			
Financial assets	7	1,430,614	1,266,479
Plant and equipment	8	56,004	65,162
Intangibles	9	-	8,181
TOTAL NON-CURRENT ASSETS		1,486,618	1,339,822
TOTAL ASSETS		2,991,993	2,906,179
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	507,183	554,217
Borrowings	11	9,978	4,594
Short-term provisions	12	123,823	116,033
TOTAL CURRENT LIABILITIES		640,984	674,844
NON-CURRENT LIABILITIES			
Long-term provisions	12	4,009	-
TOTAL NON-CURRENT LIABILITIES		4,009	-
TOTAL LIABILITIES		644,993	674,844
NET ASSETS		**2,347,000**	**2,231,335**
EQUITY			
General reserve	15	83,551	83,551
Financial assets reserve	15	168,256	67,287
Retained earnings		2,095,193	2,080,497
TOTAL EQUITY		**2,347,000**	**2,231,335**

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings $	Financial Asset Reserve $	General Reserve $	Total $
BALANCE AT 30 JUNE 2015	2,052,271	87,447	83,551	2,223,269
Profit (Loss) for year	28,226			28,226
Other comprehensive income for the year		(20,160)		(20,160)
BALANCE AT 30 JUNE 2016	2,080,498	67,287	83,551	2,231,335
Profit (Loss) for year	14,695			14,695
Other comprehensive income for the year		100,969		100,969
BALANCE AT 30 JUNE 2017	2,095,193	168,256	83,551	2,347,000

For a description of each reserve, refer to Note 15.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Received from grants and activities		1,483,201	1,446,810
Donations		69,406	216,020
Interest received		87,222	95,444
Payments to suppliers and employees		(1,696,313)	(1,588,728)
Net cash provided by/(used in) operating activities	13	(56,484)	169,546
Cash flows from investing activities			
Investment in UCA Funds Management Portfolio			
Proceeds from liquidation of term deposit		425,476	
Proceeds from sale of plant and equipment			-
Payments for property, plant and equipment		(11,257)	(372)
Net cash (used in) investing activities		414,219	(372)
Net increase (decrease) in cash held		357,736	169,174
Cash and cash equivalents at beginning of year		471,207	302,033
Cash and cash equivalents at end of year	4	828,943	471,207

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The financial report covers Penington Institute as an individual entity. Penington Institute is a company limited by guarantee, incorporated and domiciled in Australia on the 26th day of October 2009. Penington Institute was formerly known as Association for Prevention and Harm Reduction Programs Australia.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Penington Institute applies Australian Accounting Standards - Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Baord (AASB) and the Corporations Act 2001.
The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Intangibles

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and five years. It is assessed annually for impairment.

(b) Trade and Other Payables

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

(c) Revenue

Grant revenue is recognised in the statement of comprehensive income when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Accounting Policies

(d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment	20 - 66.67%
Motor vehicles	25%
Furniture and fittings	5 - 10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(f) Financial Instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or cost. Where available, quoted market prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Fair value is determined based on current bid prices for all quoted investments.

(i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(g) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (for example in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with the other standard.

(h) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

The company classifies employees' long service leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within the 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

(i) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

(k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(l) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(m) Critical accounting estimates and adjustments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(n) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:-

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).
The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.
The directors of the board anticipate that the adoption of AASB 9 will not have an impact on the company's financial instruments, as the company does not have any financial instruments where hedge accounting is applied.

AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019).
When effective, Standard AASB 1058 allows the deferment of income when performance obligations are completed as per a contract or grant, sometimes creating a liability for Income Received in Advance in the Statement of Financial Position.
The directors anticipate that there will be no impact on the financial statements, given that these Standards have already been applied.
AASB 16: :Leases (applicable to annual reporting periods beginning on or after 1 January 2019).
When effective, this Standard will replace the current accounting requirements applicable to leases in AASB117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2. REVENUE AND OTHER INCOME

	2017	2016
Revenue	**$**	**$**
Grants Received		
Fee for services - Government	1,278,668	895,659
Fee for services - Other	208,768	248,617
	1,487,435	1,144,276
Other revenue		
Donations	69,405	216,020
Other Income	15,163	37,538
Interest received	87,222	95,444
	171,790	349,002
Total revenue	1,659,225	1,493,278

3. OTHER EXPENSES

	2017	2016
Other expenses include:		
- Board of directors expenses	4,175	2,075
- Equipment maintenance expense	22,446	22,820
- Memberships/Subscriptions	7,750	5,679
- Audit fees	6,500	6,500
- Motor vehicle expenses	5,755	6,504
- Occupancy expenses	114,769	96,166
- Office/Stationery expenses	32,576	29,717
- Writedown of intangible asset	8,181	
- Sundry	471	869
Total Other Expenses	202,623	170,330

4. CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand	500	500
Cash at bank	828,443	470,707
Total cash and cash equivalents as stated in the statement of cash flows	828,943	471,207

5. TRADE AND OTHER RECEIVABLES

	2017	2016
CURRENT	$	$
Trade receivables	734	8,109
Accrued income	16,804	6,723
	17,538	14,832

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired.

(ii) Credit Risk — Trade and Other Receivables

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

6. OTHER ASSETS

	2017	2016
CURRENT		
Prepayments	16,519	16,881
	16,519	16,881

7. FINANCIAL ASSETS

	2017	2016
CURRENT		
Held-to-maturity investments		
- Term deposits at bank	642,375	1,063,437
Total Current	642,375	1,063,437
NON-CURRENT		
Available-for-sale financial assets		
- UCA domestic equities	1,430,614	1,266,479
Total Non Current	1,430,614	1,266,479
Total financial assets	2,072,988	2,329,916

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
8. PLANT AND EQUIPMENT	**$**	**$**
Office equipment at cost	52,998	41,741
Less accumulated depreciation	(28,397)	(17,476)
	24,601	24,265
Motor vehicles at cost	90,477	90,477
Less accumulated depreciation	(70,731)	(64,150)
	19,746	26,327
Furniture and fittings at cost	22,405	22,404
Less accumulated depreciation	(10,749)	(7,834)
	11,656	14,570
Total plant and equipment	56,003	65,162

Movements in Carrying Amounts	Office Equipment	Motor Vehicles	Furniture & Fittings	Total
Balance at beginning of year	24,265	26,327	14,570	65,162
Additions at Cost	11,257			11,257
Disposals				
Depreciation Expense	10,921	6,582	2,914	20,417
Carrying amount at end of year	24,601	19,745	11,656	56,003

9. INTANGIBLE ASSETS

	2017	2016
Overdose Awareness Software at cost	-	16,100
Accumulated Amortisation		(7,919)
	-	8,181

10. TRADE AND OTHER PAYABLES

	2017	2016
CURRENT		
Deferred grant revenue	385,106	458,280
Creditors and Accrued expenses	58,145	50,840
Superannuation and Witholding taxes payable	23,490	20,361
GST payable	40,442	24,736
	507,183	554,217

11. BORROWINGS

	2017	2016
CURRENT		
Credit Card	9,978	4,594
	9,978	4,594

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

12. PROVISIONS

	2017 $	2016 $
Provision for long service leave	70,532	54,212
Provision for annual leave	57,300	61,821
	127,832	116,033
Analysis of Total Provisions		
Current	123,823	116,033
Non-current	4,009	-
	127,832	116,033

13. CASH FLOW INFORMATION

Reconciliation of net surplus for the year to net cashflow from operating activities:

	2017 $	2016 $
Net surplus for the year	14,695	28,226
Add/(subtract)		
Depreciation of plant and equipment	20,416	22,194
Writedown of Intangible Asset		
Loss/(profit) on sale of assets	8,181	-
(Increase)/decrease in assets		
Trade and other receivables	(2,706)	2,037
Other current assets	362	(15,044)
Financial assets	(67,580)	(78,415)
Increase/(decrease) in liabilities		
Borrowings	5,384	3,459
Trade creditors and other payables	(47,035)	247,684
Provisions for employee benefits	11,799	(40,595)
Net cashflow from operating activities	**(56,484)**	**169,546**

14. LEASING COMMITMENTS

Operating lease commitments

	2017 $	2016 $
Payable:		
- Not later than 12 months	70,305	68,257
- later than 12 months but not later than 5 years	204,190	198,242
- greater than 5 years	-	-
	274,495	266,500

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a seven-year term. Increase in lease commitments may occur in line with CPI.

15. RESERVES

General reserve

The surplus for the year ended 30 June 2017 was transferred to retained earnings for future use.

Financial asset reserve

The financial asset reserve consists of all realised and unrealised gains and losses on available-for-sale financial assets.

16. COMPANY DETAILS

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

95 Drummond Street
CARLTON VIC 3053

17. MEMBERS' GUARANTEE

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee.

Penington Institute
Lease Commitments Calculation
30 June 2017

Lease Period	Annual Lease Amount	Per Month Amount
14/3/13 - 13/3/14	$ 62,000.00	$ 5,166.67
14/3/14 - 13/3/15	$ 63,860.00	$ 5,321.67
14/3/15 - 13/3/16	$ 65,775.80	$ 5,481.32
14/3/16 - 13/3/17	$ 67,749.07	$ 5,645.76
14/3/17 - 13/3/18	$ 69,781.55	$ 5,815.13
14/3/18 - 13/3/19	$ 71,874.99	$ 5,989.58
14/3/19 - 13/3/20	$ 74,031.24	$ 6,169.27
14/3/20 - 13/3/21	$ 76,252.18	$ 6,354.35

Financial Year	Annual Lease Amount	Classification
2018	$ 70,304.91	Later than 12 months but not later than 5 years
2019	$ 72,414.06	Later than 12 months but not later than 5 years
2020	$ 74,586.48	Later than 12 months but not later than 5 years
2021	$ 57,189.13	Later than 12 months but not later than 5 years

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Penington Institute, the directors of the company declare that:

1. The financial statements and notes as set out on pages 6 to 18, are in accordance with the Corporations Act 2001 and:

   a. comply with Australian Accounting Standards; and

   b. give a true and fair view of the company's financial position as at 30 June 2017 and its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director ______________________

Dated this 6th **day of** October **2017**

CELEBRATING 40 YEARS - 2017
est. 1977
TRUST • LOYALTY • CARE

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PENINGTON INSTITUTE**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Penington Institute which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Penington Institute is in accordance with the requirements of the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year then ended in accordance with the accounting policies described in Note 1; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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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 and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Haines Muir Hill

HAINES MUIR HILL
Chartered Accountants
888 Doncaster Road
Doncaster East, Victoria

Kristian Lunardello
Partner

Dated this 10th day of October 2017