

# **Cottage by the Sea Queenscliff Inc**

**ABN 21 987 748 593**

## **Financial report for the year ended 30 June 2016**

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## Cottage by the Sea, Queenscliff Inc

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
<b>Revenue</b>			
Donations from Trusts, corporations, individuals and community groups		1,246,058	1,208,819
Branch fundraising		190,192	105,079
Special bequests		47,914	120,426
Interest and dividend income	3	450,556	837,085
Income from hire cottage		104,705	99,165
Fundraising and events income		167,455	154,560
Merchandise sales		8,504	15,852
Other revenue		-	104,560
Profit/(loss) from sale of available for sale assets		5,949	(19,052)
Profit/(loss) from sale of property, plant and equipment		(2,060)	(8,766)
<b>Total Revenue and Other income</b>		<b>2,219,273</b>	<b>2,617,728</b>
<b>Expenses from Operating Activities</b>			
Wages and superannuation		(1,087,540)	(1,047,587)
Depreciation expenses		(123,453)	(133,992)
Insurance		(64,745)	(63,057)
Program Expenses		(221,999)	(190,548)
Other operating expenses	4	(184,015)	(218,256)
<b>Total from Operating Activities</b>		<b>(1,681,752)</b>	<b>(1,653,440)</b>
<b>Administration Expenses</b>			
Wages and superannuation		(178,886)	(199,216)
Advertising & promotion		(85,116)	(75,733)
Audit and accounting services		(13,513)	(9,823)
Fundraising and events expense		(57,873)	(56,954)
Rent		(5,236)	(10,387)
Other expenses		(47,294)	(62,920)
<b>Total Administration Expenses</b>		<b>(387,918)</b>	<b>(415,033)</b>
<b>Total Expenditure</b>		<b>(2,069,670)</b>	<b>(2,068,473)</b>
<b>Surplus for the year attributable to Cottage by the Sea, Queenscliff Inc.</b>		<b>149,603</b>	<b>549,255</b>
<b>Other comprehensive income for the year</b>			
<i>Items which may be subsequently reclassified to profit or loss</i>			
Fair value changes on available sale assets		(237,938)	109,592
Transfer to income on sale of available assets		-	19,052
<b>Total comprehensive income / (loss) for the year attributable to Cottage by the Sea, Queenscliff Inc.</b>		<b>(88,335)</b>	<b>677,899</b>

## Cottage by the Sea, Queenscliff Inc

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016	2015
		\$	\$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	1,637,776	696,332
Trade and other receivables	6	211,276	345,389
Financial assets	7	3,062,000	4,062,000
<b>TOTAL CURRENT ASSETS</b>		<b>4,911,052</b>	<b>5,103,721</b>
NON-CURRENT ASSETS			
Financial assets	7	5,654,582	5,824,123
Property, plant and equipment	8	5,749,873	5,603,686
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,404,455</b>	<b>11,427,809</b>
<b>TOTAL ASSETS</b>		<b>16,315,507</b>	<b>16,531,530</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	43,552	193,298
Employee provisions	10	279,914	252,372
Financial liabilities		6,694	15,488
<b>TOTAL CURRENT LIABILITIES</b>		<b>330,160</b>	<b>461,158</b>
NON-CURRENT LIABILITIES			
Employee provisions	10	48,207	44,897
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>48,207</b>	<b>44,897</b>
<b>TOTAL LIABILITIES</b>		<b>378,367</b>	<b>506,055</b>
<b>NET ASSETS</b>		<b>15,937,140</b>	<b>16,025,475</b>
<b>EQUITY</b>			
Accumulated surplus		14,573,349	14,394,288
Available for sale assets reserve	11	344,536	582,474
Scholarship reserve (Shine On)		-	29,458
Foundation reserve		1,019,255	1,019,255
<b>TOTAL EQUITY</b>		<b>15,937,140</b>	<b>16,025,475</b>

**Cottage by the Sea, Queenscliff Inc**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016**

	Available for Rod Laver					Total
	Accumulated Surplus	Scholarship Reserve	Sale Assets Reserve	Project Reserve	Foundation Reserve	
	\$	\$	\$	\$	\$	
<b>Balance at 1 July 2014</b>	<b>14,338,105</b>		<b>453,830</b>	<b>77,880</b>	<b>477,761</b>	<b>15,347,576</b>
Net surplus for the year	549,255	-	-	-	-	549,255
Other comprehensive income	-	-	128,644	-	-	128,644
<b>Total comprehensive income for the year</b>	<b>549,255</b>	<b>-</b>	<b>128,644</b>	<b>-</b>	<b>-</b>	<b>677,899</b>
Transfer from retained earnings	(493,072)	29,458	-	(77,880)	541,494	-
<b>Balance at 30 June 2015</b>	<b>14,394,288</b>	<b>29,458</b>	<b>582,474</b>	<b>-</b>	<b>1,019,255</b>	<b>16,025,475</b>
<b>Balance at 1 July 2015</b>	<b>14,394,288</b>	<b>29,458</b>	<b>582,474</b>	<b>-</b>	<b>1,019,255</b>	<b>16,025,475</b>
Net surplus for the year	149,603	-	-	-	-	149,603
Other comprehensive income	-	-	(237,938)	-	-	(237,938)
<b>Total comprehensive income for the year</b>	<b>149,603</b>	<b>-</b>	<b>(237,938)</b>	<b>-</b>	<b>-</b>	<b>(88,335)</b>
Transfer from retained earnings	29,458	(29,458)	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>14,573,349</b>	<b>-</b>	<b>344,536</b>	<b>-</b>	<b>1,019,255</b>	<b>15,937,140</b>

## Cottage by the Sea, Queenscliff Inc

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Donations and fundraising consideration received		1,736,756	1,792,491
Interest received		135,397	157,522
Dividend received		477,344	536,747
Payment to suppliers and employees		(2,065,111)	(1,892,931)
Net cash provided by operating activities	12	284,386	593,829
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of financial assets		1,864,396	906,572
Payments for financial assets		(926,844)	(2,277,545)
Proceeds from sale of property, plant and equipment		30,000	49,763
Payments for property, plant and equipment		(301,700)	(315,927)
Net cash used in investing activities		665,852	(1,637,137)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Payments of) / Receipts from borrowing		(8,794)	15,488
Net cash used in financing activities		(8,794)	15,488
Net increase in cash and cash equivalents		941,444	(1,027,820)
Cash and cash equivalents at beginning of financial year		696,332	1,724,152
Cash and cash equivalents at end of financial year	5	1,637,776	696,332

The accompanying notes form part of these financial statements.

# Cottage by the Sea, Queenscliff Inc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The financial statements cover Cottage by the Sea, Queenscliff Inc. as an individual entity. The financial statements are presented in Australian dollars, which is Cottage by the Sea, Queenscliff's functional and presentation currency.

The financial statements were authorised for issue on the 12<sup>th</sup> October 2016 by the members of the committee.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Associations Incorporation Reform Act 2012* as appropriate for not-for-profit oriented associations.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The incorporated association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the incorporated association.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Accounting Policies**

##### **a. Income Tax**

As the incorporated association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

##### **b. Revenue Recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Sales revenue*

Events, fundraising and raffles are recognised when received or receivable.

#### *Donations and Contributions*

Contributions and donations are recognised when the incorporated association gains control of the contribution or donation and the associated conditions are fulfilled.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

##### **c. Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to

# Cottage by the Sea, Queenscliff Inc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

#### d. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### e. Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

#### f. Property, Plant and Equipment

Plant and equipment is stated at deemed historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

##### Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	50 years
Free hold land improvements	20-50 years
Furniture Equipment	5-10 years
Motor Vehicles	7 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### g. Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### h. Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### i. Employee benefits

##### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

##### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of

## Cottage by the Sea, Queenscliff Inc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### j. **Financial Assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

The incorporated association's objectives are not aligned to acquiring financial assets for the purpose of trading; accordingly it does not hold financial assets classified as at fair value through profit or loss.

##### *Recognition and Derecognition*

Financial assets are recognised when the incorporated association becomes a party to the contractual provisions to the instrument. This is the equivalent to the date that the incorporated association commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs.

##### *Held-to-maturity investments*

Held-to-maturity investments have fixed maturities, and it is the incorporated association's intention to hold these investments to maturity. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Each asset category is carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when assets are derecognised or impaired, as well as through the amortisation process.

##### *Available-for-sale investments*

Available-for-sale financial assets include the incorporated association's investments in listed shares. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in income.

#### **Impairment**

At the end of each reporting period, the association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

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

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

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

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

#### k. **Goods and Services Tax (GST)**

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



# Cottage by the Sea, Queenscliff Inc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

#### l. Comparative Figures

Where required by accounting standards comparative figures have been adjusted/reclassified to conform with changes in presentation for the current financial year and make the disclosures meaningful to users of the financial statements.

#### m. 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Estimation of useful lives of assets*

The incorporated association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The incorporated association assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the incorporated association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### *Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### NOTE 3: INTEREST AND DIVIDEND INCOME

	Note	2016	2015
		\$	\$
Interest		104,493	153,922
Dividend		346,063	683,163
		<u>450,556</u>	<u>837,085</u>

## Cottage by the Sea, Queenscliff Inc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

<b>NOTE 4: OTHER OPERATING EXPENSES</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
Light, power and utilities		(19,286)	(22,074)
Repairs and maintenance		(42,056)	(56,241)
Motor vehicle expenses		(37,610)	(41,365)
Telephone and fax		(10,220)	(11,798)
Rates and tax		(2,530)	(1,521)
Staff training		(15,647)	(26,487)
Computer consumables		(7,029)	(6,687)
Printing, stationery & postage		(49,637)	(52,083)
		<u>(184,015)</u>	<u>(218,526)</u>

<b>NOTE 5: CASH ASSETS</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
Cash at bank		1,606,271	688,389
Cash on hand		31,505	7,943
		<u>1,637,776</u>	<u>696,332</u>

<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Current:</b>			
Dividends Receivable		150,327	281,608
Trade Debtors		2,669	22,176
Interest Receivable		-	30,904
Prepayments		31,858	3,508
GST Receivable		11,668	7,193
BAS Receivable		14,754	-
Total current accounts receivable and other debtors		<u>211,276</u>	<u>345,389</u>

## Cottage by the Sea, Queenscliff Inc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### NOTE 7: FINANCIAL ASSETS

	Note	2016	2015
		\$	\$
<b>Current:</b>			
Term Deposits		3,062,000	4,062,000
		3,062,000	4,062,000
<b>Non - Current:</b>			
Available for sale shares	7(a)	5,644,582	5,814,123
Held to maturity term deposits		10,000	10,000
		5,654,582	5,824,123
		8,716,582	9,886,123

#### **(a) Available for sale shares**

##### *Reconciliation*

Reconciliation of the fair values at the beginning and end of the current financial year are set out below

		2016	2015
		\$	\$
Opening fair value		5,814,123	4,333,558
Additions		926,844	2,277,545
Disposals		(858,447)	(906,572)
Revaluation increments		(237,938)	109,592
Closing fair value		5,644,582	5,841,123

## Cottage by the Sea, Queenscliff Inc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

<b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Land at deemed cost – 29 Flinders Street	2,700,000	2,700,000
Buildings at deemed cost	1,300,000	1,300,000
Less: Accumulated depreciation	(368,008)	(342,004)
	931,992	957,996
Land at deemed cost – 31 Flinders Street	1,290,000	1,290,000
Land Improvements at Cost	45,522	26,199
Less: Accumulated depreciation	(4,774)	(3,552)
	40,748	22,647
Buildings at cost	368,265	200,000
Less: Accumulated Depreciation	(44,717)	(39,626)
	323,548	160,377
Furniture & Equipment	557,004	483,688
Less: Accumulated Depreciation	(245,802)	(188,638)
	311,202	294,376
Motor Vehicles	333,299	335,996
Less: Accumulated Depreciation	(180,916)	(158,380)
	152,383	177,616
	5,749,873	5,603,686
Total property, plant and equipment		

#### **Movements in carrying amounts**

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	<b>Land</b>	<b>Land</b>	<b>Buildings</b>	<b>Furniture &amp; Motor</b>	<b>Motor</b>	<b>Total</b>
	<b>\$</b>	<b>Improvements</b>	<b>\$</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2015</b>	<b>3,990,000</b>	<b>22,647</b>	<b>1,118,373</b>	<b>294,376</b>	<b>177,616</b>	<b>5,603,686</b>
Additions	-	19,323	168,265	84,520	30,266	301,700
Disposals	-	-	-	(8,781)	(23,279)	(32,060)
Depreciation expense	-	(1,222)	(31,098)	(58,913)	(32,220)	(123,453)
<b>Balance at 30 June 2016</b>	<b>3,990,000</b>	<b>40,748</b>	<b>1,255,540</b>	<b>311,202</b>	<b>152,383</b>	<b>5,749,873</b>

## Cottage by the Sea, Queenscliff Inc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

<b>NOTE 9: TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Current:</b>			
Trade creditors		24,893	20,119
Accrued expenses		8,591	34,783
PAYG payable		10,068	11,980
Revenue Received in Advance		-	126,416
		43,552	193,298
		43,552	193,298
<b>NOTE 10: EMPLOYEE PROVISIONS</b>		<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Current:</b>			
Annual Leave Entitlements		92,748	85,897
Long Service Leave		187,166	166,475
		279,914	252,372
		279,914	252,372
<b>Non-Current:</b>			
Long Service Leave		48,207	44,897
		48,207	44,897
		48,207	44,897
<b>NOTE 11: AVAILABLE FOR SALE ASSETS RESERVE</b>		<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
Opening balance		582,474	453,830
Transfer available for sale asset reserve to profit or loss (sold assets)		-	19,052
Net revaluation increments/(decrements)		(237,938)	109,592
		344,536	582,474
		344,536	582,474

## Cottage by the Sea, Queenscliff Inc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### NOTE 12: CASH FLOW INFORMATION

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of cash flows from operating activities with net current year surplus</b>		
Net current year surplus	149,603	549,255
<i>Cash flows excluded from current year surplus</i>		
Non-cash flows in current year surplus:		
– depreciation expense	123,453	133,992
– net loss on disposal of property, plant and equipment	2,060	8,766
– (Profit)/loss on sale of shares	(5,949)	19,052
Changes in assets and liabilities:		
– (Increase)/decrease in accounts receivable and other debtors	134,113	(297,571)
– increase/(decrease) in accounts payable and other payables	(149,746)	160,078
– increase/(decrease) in provisions	30,852	20,257
	<b>284,386</b>	<b>593,829</b>
	<b>284,386</b>	<b>593,829</b>

#### NOTE 13: KEY MANAGEMENT PERSONNEL DISCLOSURES

##### *Compensation*

The aggregate compensation made to officers and other members of key management personnel of the incorporated association is set out below:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Aggregate compensation	290,201	307,234
	<b>290,201</b>	<b>307,234</b>

#### NOTE 14: CONTINGENT LIABILITIES:

The incorporated association had no contingent liabilities as at 30 June 2016 (30 June 2015: None).

#### NOTE 15: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

## Cottage by the Sea, Queenscliff Inc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### NOTE 16: COMMITMENTS

	2016	2015
	\$	\$
<i>Lease commitments – operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
– Within one year	2,636	2,900
– One to five years	9,382	11,598
– More than five years	1,378	1,745
	13,396	16,243

Operating lease commitments include contracted amounts for office equipment rental and a crown lease payable for use of land.

#### NOTE 17: ASSOCIATION DETAILS

(a) *Association Details*

The association is an incorporated association under the Associations Incorporation Reform Act (Victoria) 2012. The registered office and principal place of business is 29 Flinders St, Queenscliff. The principal activity of the association is to provide short term relief care in a holiday environment for needy children in disadvantaged situations.

(b) *Cottage Foundation*

The association has established a Cottage Foundation fund as an investment fund for the sustainable generation of income to assist in the future provision of Cottage services. Major bequests to the fund form a solid basis to accumulate and grow future income to benefit the Cottage program and children's services.

#### NOTE 18: RELATED PARTY TRANSACTIONS

*Key management personnel*

Disclosures relating to key management personnel are set out in note 12.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

Cottage by the Sea, Queenscliff Inc

STATEMENT BY MEMBERS OF THE COMMITTEE

In the Members of the Committee's Opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements, *Associations Incorporation Reform Act 2012* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the Members of the Committee



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Don Rankin

Treasurer



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Robert Bellhouse

President

Dated this day the 12<sup>th</sup> of October 2016



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COTTAGE BY THE SEA QUEENSCLIFF INC

## Report on the Financial Report

We have audited the accompanying financial report of Cottage by the Sea, Queenscliff Inc (the association), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

### *Committee's Responsibility for the Financial Report*

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Associations Incorporation Reform Act 2012* (Vic) and for such internal control as the committee determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

### *Opinion*

In our opinion, the financial report of Cottage by the Sea, Queenscliff Inc is in accordance with the requirements of the *Associations Incorporation Reform Act 2012* (Vic), including:

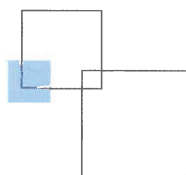
- a. giving a true and fair view of the association's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards.

LBW Chartered Accountants



Richard Bull  
Principal

Dated this day the 12<sup>th</sup> of October 2016



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