

**MLC FOUNDATION (INC)**  
**SPECIAL PURPOSE FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2015**

**MLC FOUNDATION (INC)**

**SPECIAL PURPOSE FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**CONTENTS**

	PAGE
Declaration by the Board	1
Auditor's Independence Declaration	2
Independent Auditors' Report	3
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Cash Flows	7
Statement of Changes in Equity	8
Notes to the Special Purpose Financial Statements	9

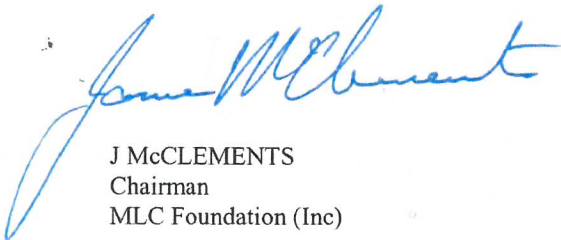
**MLC FOUNDATION (INC)**

**DECLARATION BY THE BOARD**


In the opinion of the Board of MLC Foundation (Inc) ("the Foundation"):

- a) The Foundation is not publicly accountable and thereby is not a reporting entity;
- b) The financial statements and notes that are set out in pages 5 to 14 are in accordance with the constitution, the *Associations Incorporation Act 1987(WA)*, and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act); including:
  - (i) Giving a true and fair view of the Foundation's financial position as at 31 December 2015 and of its performance, for the financial year ended on that date; and
  - (ii) Complying with Australia Accounting Standards to the extent described in Note 1 and the Australia Charities and Not-for-Profits Commission Regulation 2013; and
- c) There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Board in accordance with the resolution of the Board.



J McCLEMENTS  
Chairman  
MLC Foundation (Inc)



P O'SULLIVAN  
Executive Officer  
MLC Foundation (Inc)

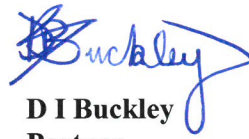
25 February 2016  
Claremont, Western Australia

25 February 2016  
Claremont, Western Australia

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of MLC Foundation (Inc) for the year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in respect of the audit.

**Perth, Western Australia  
25 February 2016**



**D I Buckley  
Partner**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of MLC Foundation (Inc)

### **Report on the Special Purpose Financial Report**

We have audited the accompanying special purpose financial report of MLC Foundation (Inc) ("the Foundation") which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Declaration by the Board.

#### ***Board's responsibility for the financial report***

The Board of the Foundation is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting requirements of the constitution, the *Associations Incorporation Act 1987(WA)*, the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), and are appropriate to meet the needs of the Board. The Board's responsibility also includes such internal control as the Board determine is necessary to enable the preparation 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 and plan and perform the audit to obtain reasonable assurance 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 entity's preparation of the financial report that gives a true and fair view 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 Board, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by the Board or management.

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

#### ***Independence***

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

***Auditor's opinion***

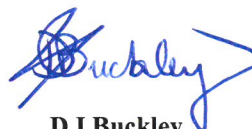
In our opinion the financial report of MLC Foundation (Inc) has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profit Commission Act 2012*, including:

- a) giving a true and fair view of the financial position as at 31 December 2015 and of its performance and its cash flows for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements: and
- b) complying Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

***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 meeting the MLC Foundation (Inc) requirements to prepare financial statements under its Constitution and the ACNC Act. As a result, the financial report may not be suitable for another purpose.

**HLB Mann Judd**  
**Chartered Accountants**



**D I Buckley**  
**Partner**

**Perth, Western Australia**  
**25 February 2016**

**MLC FOUNDATION (INC)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<i>Note</i>	<i>2015</i> \$	<i>2014</i> \$
Revenue from ordinary activities	2	1,323,487	1,648,118
Other expenses		(314,031)	(304,296)
Surplus prior to transactions with Methodist Ladies' College		1,009,456	1,343,822
Donations to Methodist Ladies' College		(779,900)	(52,962)
<b>Net surplus for the year</b>		<b>229,556</b>	<b>1,290,860</b>
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Net change in fair value of available-for-sale financial assets		227,783	(530,957)
<b>Total comprehensive result for the year</b>		<b>457,339</b>	<b>759,903</b>

**MLC FOUNDATION (INC)**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	<i>Note</i>	<b>2015</b> \$	<b>2014</b> \$
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	3	650,683	409,337
Available-for-sale financial assets	7	2,834,817	2,556,296
Other assets		3,677	9,024
<b>TOTAL CURRENT ASSETS</b>		<b>3,489,177</b>	<b>2,974,657</b>
<b>TOTAL ASSETS</b>		<b>3,489,177</b>	<b>2,974,657</b>
<b>CURRENT LIABILITIES</b>			
Other liabilities	4	58,181	1,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>58,181</b>	<b>1,000</b>
<b>TOTAL LIABILITIES</b>		<b>58,181</b>	<b>1,000</b>
<b>NET ASSETS</b>		<b>3,430,996</b>	<b>2,973,657</b>
<b>EQUITY</b>			
Accumulated funds		3,226,917	2,997,361
Reserves	5	204,079	(23,704)
<b>TOTAL EQUITY</b>		<b>3,430,996</b>	<b>2,973,657</b>



**MLC FOUNDATION (INC)**

**STATEMENT OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<i>Note</i>	<i>2015</i> \$ <i>Inflows</i> <i>(Outflows)</i>	<i>2014</i> \$ <i>Inflows</i> <i>(Outflows)</i>
<b>Cash flows from operating activities</b>			
Other donations		863,540	599,776
Other income		359,117	575,698
Interest received		15,455	14,842
Imputation credits received		-	12,447
Payments to suppliers and employees		(278,356)	(303,296)
Donations to Methodist Ladies' College		(779,900)	(52,962)
<b>Net cash inflow from operating activities</b>	<b>8</b>	<b>179,946</b>	<b>846,505</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		2,315,200	1,718,650
Purchases of investments		(2,253,800)	(2,580,000)
<b>Net cash inflow from investing activities</b>		<b>61,400</b>	<b>(861,350)</b>
Net increase in cash held		241,346	(14,845)
Cash at the beginning of the financial year		409,337	424,182
<b>Cash at the end of the financial year</b>	<b>3</b>	<b>650,683</b>	<b>409,337</b>

**MLC FOUNDATION (INC)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<i>Accumulated Funds</i>	<i>Reserves</i>	<i>Total</i>
<b>BALANCE AT 31 DECEMBER 2013</b>	1,706,501	507,253	2,213,754
Net surplus for the year	1,290,860	-	1,290,860
Net change in fair value of available-for-sale financial assets	-	(530,957)	(530,957)
Total comprehensive result for the year	1,290,860	(530,957)	759,903
<b>BALANCE 31 DECEMBER 2014</b>	2,997,361	(23,704)	2,973,657
Net surplus for the year	229,556	-	229,556
Net change in fair value of available-for-sale financial assets	-	227,783	227,783
Total comprehensive result for the year	229,556	227,783	457,339
<b>BALANCE 31 DECEMBER 2015</b>	3,226,917	204,079	3,430,996

## **MLC FOUNDATION (INC)**

### **NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS** **FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are special purpose financial statements prepared in order to meet the requirements of the members of MLC Foundation (Inc) (“the Foundation”) and the *Associations Incorporation Act 1987 (WA)*. The special purpose financial statements have also been prepared in accordance with the requirements of *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act). The Foundation has prepared the financial statements on the basis it is not publicly accountable and is a non-reporting entity because there are no users dependent on general purpose financial statements. The Board has determined that the Foundation is not a reporting entity. The Foundation is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The Foundation was incorporated on 20 June 1988 in Western Australia. Its primary objective is to raise funds to provide financial assistance to the Methodist Ladies’ College, pupils of the College, their parents and guardians, or any charitable body established by the Uniting Church of Australia.

The financial report has been prepared on an accrual basis and is based on historical costs, unless otherwise stated in the notes.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below. Such accounting policies are consistent with prior periods unless stated otherwise.

##### **a) Cash**

For the purpose of the Statement of Cash Flows, cash includes cash on hand, deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

##### **b) Investments**

All investments are initially recognised at cost, being the fair value of consideration given and including acquisition charges associated with the investment.

After initial recognition, investments classified as held for trading or available-for-sale are recognised in the financial statements at fair value. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Movements in fair value of investments are recognised through an equity reserve. Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is transferred to the Statement of Comprehensive Income.

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised at cost.

**MLC FOUNDATION (INC)**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

c) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest method.

Donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

d) Income Tax

The Foundation is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act (1997).

e) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred are not recoverable from the Australian Tax 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 payable in the statement of financial position.

f) Other Payables

Other payables are recognised when the Foundation becomes obliged to make future payments resulting from the purchase of goods and services.

g) Critical Accounting Estimates and Judgments

The Board members evaluate estimates and judgement incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Foundation.

h) Adoption of new and revised standards

In the year ended 31 December 2015, the Board has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Board that there is no impact, material or otherwise, of the new standards and Interpretations on its business and, therefore, no change is necessary to the Foundation's accounting policies.

**MLC FOUNDATION (INC)**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

h) Adoption of new and revised standards (continued)

The Board has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 31 December 2015. As a result of this review the Board has determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Foundation's accounting policies.

**MLC FOUNDATION (INC)**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<i>2015</i> \$	<i>2014</i> \$
<b>2. OPERATING REVENUE</b>		
Interest received	8,692	14,842
Unit trust distributions	128,940	146,442
Donations	863,540	599,776
Imputation tax credits	-	12,447
Profit on sale of assets	14,051	436,334
Other revenue	308,264	438,277
	<u>1,323,487</u>	<u>1,648,118</u>
<b>3. CASH &amp; CASH EQUIVALENTS</b>		
Cash at bank and on hand	<u>650,683</u>	<u>409,337</u>
<b>4. OTHER LIABILITIES</b>		
Sundry creditors	38,181	1,000
Income in advance	20,000	-
	<u>58,181</u>	<u>1,000</u>
<b>5. RESERVES</b>		
Net unrealised gains reserve	<u>204,079</u>	<u>(23,704)</u>
<b>6. AUDITORS' REMUNERATION</b>		
Audit & preparation of the financial report	<u>7,000</u>	<u>7,000</u>

**MLC FOUNDATION (INC)**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS	2015 \$	2014 \$
--	------------	------------

**Endowment Fund**

Unit trust investments - at fair value	2,834,817	2,556,296
--	-----------	-----------

**Market Value of Unit Trusts:**

	<i>Cost base</i>	<i>Market Value</i>	<i>Reserve Unrealised (Gain)/loss</i>
<b><u>2015</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>
NWQ Fiduciary Fund – Scholarship Fund SAS	436,668	470,017	(33,349)
NWQ Fiduciary Fund – Scholarship Fund General	965,200	1,042,207	(77,007)
NWQ Fiduciary Fund –Building Fund	418,624	463,678	(45,054)
Smarter Money Active Cash Fund – Building Fund	169,096	168,138	958
Smarter Money Active Cash Fund – General Fund	97,273	96,243	1,030
NWQ Fiduciary Fund – Endowment Fund	543,877	594,534	(50,657)
	<u>2,630,738</u>	<u>2,834,817</u>	<u>(204,079)</u>
<b><u>2014</u></b>			
NWQ Fiduciary Fund –Building Fund	400,000	394,499	5,501
Smarter Money Active Cash Fund – Building Fund	550,000	549,633	367
NWQ Fiduciary Fund – General Fund	1,000,000	986,248	13,752
Smarter Money Active Cash Fund – General Fund	350,000	349,766	234
NWQ Fiduciary Fund – Endowment Fund	280,000	276,150	3,850
	<u>2,580,000</u>	<u>2,556,296</u>	<u>23,704</u>

- a) Available-for-sale financial assets consist of investments in managed funds, and therefore have no fixed maturity date or coupon rate.
- b) During the financial year, the increase in available-for-sale financial assets of \$227,783 has been taken to reserves. (PY: decrease \$23,704).

**MLC FOUNDATION (INC)**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**8. RECONCILIATION OF RESULT FROM ORDINARY  
ACTIVITIES FOR THE YEAR TO NET CASH OUTFLOW  
FROM OPERATING ACTIVITIES**

	<i><b>2015</b></i> <i><b>INFLOWS/ (OUTFLOWS)</b></i> <i><b>\$</b></i>	<i><b>2014</b></i> <i><b>INFLOWS/ (OUTFLOWS)</b></i> <i><b>\$</b></i>
Net surplus for the year	229,556	1,290,860
(Profit)/ loss on disposal of investments	(14,051)	(436,334)
Distributions reinvested	(98,087)	-
Non-cash items:		
(Decrease)/increase in other liabilities	57,181	1,000
Decrease/(increase) in current assets	5,347	(9,021)
<b>Net cash inflow from operating activities</b>	<b>179,946</b>	<b>846,505</b>