

WD / RKR 1MTASL

12 September 2016



Innes Russell
Director
Melbourne Total Abstinence Society Limited (MTAS)
2-6 Langhorne St
DANDENONG VIC 3175

Dear Innes,

MANAGEMENT LETTER 2016 AUDIT

We are pleased to report that our audit for the year ended 30 June 2016 has been completed and we have issued an unqualified audit opinion.

We note that the work papers presented to us were very neatly arranged and easy to follow. The matter outlined below reflects a new change that will be effective for next year. It does not impact the way in which our audit is conducted, however you may wish to familiarise yourself with the impact

Audit Report Design Changes

Effective for all audits with year ends after 31 December 2016, there will be significant reforms to the layout and wording of auditor's reports. This will impact next year's audit. The changes include presenting the audit opinion at the start of the report (currently at the end) as well as additional details added to the 'directors' responsibility paragraph to include assessing ability to continue as a going concern.

There is also a significant increase to the information on the auditor's responsibility. These changes have been designed to make these reports more informative and relevant. Additionally they also require increased attention by management and those charged with governance (e.g., the audit committee) to the disclosures in the financial statements to which reference is made in the auditor's report.

Note that the changes to the audit reports do not change the underlying work effort required in an audit, but rather focus on increasing transparency about the audit that was performed.

Conclusion

We wish to take this opportunity to thank your staff for their support and prompt assistance extended to us during the course of our audit. We look forward to continuing our business relationship with you in future years.

If you wish to discuss these or any other matters, please do not hesitate to contact me.

Yours sincerely,

E.F. McPHAIL AND PARTNERS

WAYNE C DURDIN
PARTNER

Ref: 203012_1

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MELBOURNE TOTAL ABSTINENCE SOCIETY LTD
A.B.N. 74 087 822 366

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
INCOME			
Dividends Received	2	99,854.91	100,116.43
Interest Received	2	2,526.19	2,476.94
Profit (Loss) on Disposal of Investments		218,325.28	18,671.67
Trust Income	2	14,677.74	9,266.65
Other Revenue		39,080.00	43,327.08
		374,464.12	173,858.77
EXPENSES			
Audit Fees		3,465.00	3,685.00
Brokerage		25,274.08	5,426.16
Donations		90,500.00	90,000.00
Honorariums		2,200.00	2,450.00
Insurance		1,580.00	1,125.00
Property Expenses		2,905.43	5,466.73
Sundry Expenses		2,282.67	578.76
		128,207.18	108,731.65
NET PROFIT / (LOSS) BEFORE TAX		246,256.94	65,127.12

The accompanying notes form part of these financial statements.

MELBOURNE TOTAL ABSTINENCE SOCIETY LTD
A.B.N. 74 087 822 366

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
NET PROFIT / (LOSS) BEFORE TAX		246,256.94	65,127.12
Income tax expense		-	-
NET PROFIT / (LOSS) AFTER TAX		<u>246,256.94</u>	<u>65,127.12</u>
RETAINED EARNINGS / (ACCUMULATED LOSSES) AT THE BEGINNING OF THE FINANCIAL YEAR		2,343,383.09	2,278,255.97
TOTAL AVAILABLE FOR APPROPRIATION		<u>2,589,640.03</u>	<u>2,343,383.09</u>
Extraordinary Items		-	-
RETAINED EARNINGS / (ACCUMULATED LOSSES) AT THE END OF THE FINANCIAL YEAR		<u>2,589,640.03</u>	<u>2,343,383.09</u>

The accompanying notes form part of these financial statements.

MELBOURNE TOTAL ABSTINENCE SOCIETY LTD
A.B.N. 74 087 822 366

BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
SHARE CAPITAL AND RESERVES			
Financial Assets Reserve		283,029.04	622,023.65
Retained earnings		2,589,640.03	2,343,383.09
TOTAL SHARE CAPITAL AND RESERVES		2,872,669.07	2,965,406.74
Represented by:			
ASSETS			
CURRENT ASSETS			
Cash at Bank - CBA		18,288.95	18,984.19
JB Were Cash Trust		566.17	2,006.12
Cash at bank – Business Online Saver		39,098.37	53,466.86
Sundry Debtors		-	260.00
TOTAL CURRENT ASSETS		57,953.49	74,717.17
NON CURRENT ASSETS			
Financial Assets			
Bonds at Market Value	3	32,265.00	35,750.00
Shares in Listed Companies at Market Value	3	2,279,053.74	2,287,847.63
Units in Listed Trusts at Market Value	3	167,854.56	231,549.66
		2,479,173.30	2,555,147.29
Fixed Assets			
Property - 6 Langhorne Street		335,542.28	335,542.28
Total Fixed Assets		335,542.28	335,542.28
TOTAL NON CURRENT ASSETS		2,814,715.58	2,890,689.57
TOTAL ASSETS		2,872,669.07	2,965,406.74
LIABILITIES			
TOTAL LIABILITIES		-	-
NET ASSETS		2,872,669.07	2,965,406.74

The accompanying notes form part of these financial statements.

MELBOURNE TOTAL ABSTINENCE SOCIETY LTD
A.B.N. 74 087 822 366

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

1. Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the members.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company. The depreciable amount of property, plant and equipment (excluding freehold land) is depreciated on a straight-line basis. Depreciation commences from the time the asset is available for its intended 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 carrying value of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Revenue and Other Income

All revenue is recognised when received.

All revenue is stated net of the amount of goods and services tax (GST).

MELBOURNE TOTAL ABSTINENCE SOCIETY LTD
A.B.N. 74 087 822 366

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

	2016	2015
	\$	\$
2. Income		
Interest Received		
NAB Income Securities	1,727.59	1,931.37
Australian Taxation Office	117.64	36.33
CBA Business Online Saver	631.51	466.86
CBA Cheque Account	4.48	11.70
CBA Term Deposit	-	-
JB Were Cash Trust	44.97	30.68
	<u>2,526.19</u>	<u>2,476.94</u>
Dividends Received		
Adelaide Brighton	2,229.00	3,157.76
ANZ Bank	10,149.75	9,451.80
ANZ CPS 2	3,724.06	3,939.50
Argo Invest	3,841.78	3,589.86
Amcor	3,303.58	2,862.03
AMP	-	-
AFIC	6,165.36	5,551.19
Bendigo & Adelaide Bank CPS	3,347.37	3,543.15
BHP Billiton	2,674.14	3,602.07
Brambles	1,403.36	2,756.60
CBA	8,872.20	8,611.20
CSL	1,349.87	2,088.50
Djerriwarrh	-	2,950.40
Leighton	-	570.00
Medibank Private	1,062.86	-
NAB	12,264.12	12,465.22
NAB CSP II	1,312.66	1,391.96
QBE	1,150.00	851.00
RIO Tinto	2,077.60	1,792.49
Santos	-	-
Seek	2,242.00	1,841.00
Seven West Media	80.00	240.00
Sonic Health	2,928.50	2,035.50
Suncorp	3,720.00	-
Telstra	13,128.50	12,705.00
Toll	-	1,635.00
Westpac	12,828.20	12,485.20
	<u>99,854.91</u>	<u>100,116.43</u>

MELBOURNE TOTAL ABSTINENCE SOCIETY LTD
A.B.N. 74 087 822 366

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

	2016	2015
	\$	\$
Trust Income		
APA Group	8,624.43	5,936.30
Mirvac Property Trust	2,803.20	-
Westpac SPS 11	372.19	395.82
Westfield Retail Trust	-	1,530.00
Scentre Group	2,877.92	1,404.53
	<u>14,677.74</u>	<u>9,266.65</u>

MELBOURNE TOTAL ABSTINENCE SOCIETY LTD
A.B.N. 74 087 822 366

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

3. Investments	Balance at 30 th June 2016		
	Number	Cost \$	Market Value \$
Bonds			
NIS	500	48,744.75	32,265.00
Shares			
AFIC	25,689	91,792.00	144,115.29
Amcor	5,975	62,733.06	89,206.75
ANZ Bank CPS 2	990	99,821.75	99,495.00
Argo Investments	12,596	77,347.29	92,832.52
Bendigo & Adelaide Bank CPS	650	65,000.00	66,222.00
BHP Billiton	2,450	73,032.41	45,692.50
Commonwealth Bank	2,160	118,612.18	160,639.20
Duet Group	41,500	93,790.00	103,750.00
Macquarie Group	1,135	74,524.10	78,201.50
Mirvac Group	29,200	60,729.84	58,984.00
NAB	11,011	303,679.24	280,009.73
NAB CPS II	340	34,000.00	31,603.00
QBE Insurance	2,300	49,581.00	23,989.00
Rio Tinto	700	49,603.44	31,850.00
Seek	5,900	80,355.92	89,739.00
Sonic Health	5,730	89,899.20	123,481.50
Suncorp	12,400	151,404.00	151,032.00
Telstra	42,350	150,130.28	235,466.00
Transurban Group	6,725	74,714.75	80,632.75
Westpac	9,630	244,982.77	283,122.00
Westpac SPS II	100	10,000.00	8,990.00
		2,055,733.23	2,279,053.74
Trusts			
APA Group	10,834	53,911.07	100,106.16
Scentre Group	13,770	37,028.50	67,748.40
		90,939.57	167,854.56

MELBOURNE TOTAL ABSTINENCE SOCIETY LTD
A.B.N. 74 087 822 366

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Melbourne Total Abstinence Society Limited, the directors declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and -
 - a. comply with the Australian Accounting Standards applicable to the company; and
 - b. give a true and fair view of the financial position of the company as at 30th June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
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.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated this day of 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MELBOURNE TOTAL ABSTINENCE SOCIETY LTD.
A.B.N. 74 087 822 366**

We have audited the accompanying financial report, being a special purpose financial report, of Melbourne Total Abstinence Society Ltd. which comprises the balance sheet as at 30 June 2016, profit and loss statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility 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 to meet the needs of the members. The directors' responsibility also includes such internal control as the directors 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 judgment, 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Melbourne Total Abstinence Society Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

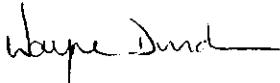
Opinion

In our opinion, the financial report of Melbourne Total Abstinence Society Ltd. is in accordance with the *Corporations Act 2001*, including –

- (a) giving a true and fair view of the company'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 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.



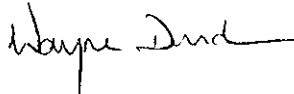
Name of firm: E. F. McPhail and Partners
Name of partner: Wayne C. Durdin
Address: 38 Ellingworth Parade, Box Hill, Victoria, 3128
Dated this 12th day of September 2016

MELBOURNE TOTAL ABSTINENCE SOCIETY LTD.
A.B.N. 74 087 822 366

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been –

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Name of Firm: E. F. McPhail and Partners

Name of Partner: Wayne C. Durdin

Date: 12th September 2016

Address: 38 Ellingworth Parade, Box Hill, VIC, 3128

Imputation Credits that can be claimed back for 2015/16

McPHAIL & PARTNERS
 AUDIT WORKPAPERS LEAD SCHEDULE
 CLIENT - MELBOURNE TOTAL ABSTINENCE SOCIETY LIMITED
 PERIOD: Y/E 30/6/16
 PROGRAM SECTION: INVESTMENT INCOME

Prepared by: RKR
 Reviewed by: WD
 Date: 10/08/2016
 Date: 12/09/2016

Prepared by	Date	W/P ref
RKR	10/08/2016	[Below]
RKR	10/09/2016	[170M]
RKR	10/08/2016	[Below]

AUDIT APPROACH - Investment Income
 1. Update the dividends and imputation credits using the excel spreadsheet prepared by Innes.
 2. Print out the income and expenditure tab of Innes Workbook, agree to bank and dividend advice
 3. Agree a sample of imputation credits to the dividend notices.

MTAS LTD
 INVESTMENT INCOME
 YEAR ENDED 30TH JUNE 2016

agreed imputation credits to dividend notices
 * No dividend statement - but as per bank statement and CGT reporter for 100% Franked

Dividends	Totals	Imputation Credits	TFN amounts
Adelaide Brighton	\$ 2,229.00	\$ 2,229.00	\$ 955.29
ANZ BANK	\$ 4,566.60	\$ 10,149.75	\$ 4,349.89
ANZ CPSZ	\$ 918.52	\$ 3,724.06	\$ 1,596.03
AFIC	\$ 3,596.46	\$ 6,165.36	\$ 2,642.30
Amcor	\$ 1,706.46	\$ 3,303.58	\$ -
Argo	\$ 1,952.38	\$ 3,841.78	\$ 1,646.48
Ben & Adelaids	\$ 1,647.88	\$ 3,347.37	\$ 1,484.59
BHP Billiton	\$ 2,150.64	\$ 2,674.14	\$ 1,146.06
Brambles	\$ 1,403.36	\$ 1,403.36	\$ 180.43
C B A	\$ 4,595.40	\$ 8,872.20	\$ 3,802.37
C S L	\$ 1,349.87	\$ 1,349.87	\$ -
DUET	\$ -	\$ -	\$ -
MACQUARIE	\$ -	\$ -	\$ -
Medibank	\$ 1,062.86	\$ 1,062.86	\$ 455.51
NAB BANK	\$ 6,132.06	\$ 12,264.12	\$ 5,256.05
NAB CPS 11	\$ 324.22	\$ 321.91	\$ 562.57
Qantas	\$ -	\$ -	\$ -
QBE	\$ 460.00	\$ 1,150.00	\$ 492.86
Rio Tinto	\$ 1,014.37	\$ 2,077.60	\$ 890.40
Seek	\$ 1,003.00	\$ 2,242.00	\$ 960.86
Seven West	\$ 80.00	\$ 80.00	\$ 34.29
Sonic Health	\$ 1,209.50	\$ 2,928.50	\$ 506.11
South32	\$ -	\$ -	\$ -
Suncorp	\$ 3,720.00	\$ 3,720.00	\$ 1,594.29
Telstra	\$ 6,564.25	\$ 13,128.50	\$ 5,626.50
Toll	\$ -	\$ -	\$ -
TRANSURBAN	\$ -	\$ -	\$ -
Westpac	\$ 6,379.80	\$ 12,828.20	\$ 5,497.80
WB CPE Dist	\$ 91.87	\$ 94.59	\$ 159.51
Total	\$ 94.31	\$ 100,227.10	\$ 39,790.19
Trusts	\$ -	\$ -	\$ -
Mirvac Property Trust	\$ 1,430.60	\$ 2,803.20	\$ 9,266.65
APA Distribution	\$ 4,475.97	\$ 8,624.43	\$ -
Secentre Group Trust	\$ 1,438.96	\$ 2,877.92	\$ -
Total	\$ 14,305.55	\$ 9,266.65	\$ -