

Newhope Baptist Preschool Inc.

Financial Statements

For the Year Ended 31 December 2017

Newhope Baptist Preschool Inc.

Contents

For the Year Ended 31 December 2017

	Page
Financial Statements	
Committee's Report	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Statement by Members of the Committee	12
Independent Audit Report	13

Newhope Baptist Preschool Inc.

Committee's Report

31 December 2017

The committee members submit the financial report of the Association for the financial year ended 31 December 2017.

1. General information

Committee members

The names of committee members throughout the year and at the date of this report are:

- Allan Demond
- Surette Southwood
- Julie Hays
- Ron Coleman
- Siew Leong
- Cathryn De Witt
- Sanette Wood

Principal activities

The principal activities of the Association during the financial year consisted of providing kindergarten activities to 3 year old and 4 year old children of members of the association.

Significant changes

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


2. Operating results and review of operations for the year

Operating result

The profit of the Association for the financial year after providing for income tax amounted to \$ (106,095)(2016: \$ 8,731).

Signed in accordance with a resolution of the Members of the Committee:

Committee member:
Cathryn De Witt

Committee member:
Surette Southwood

Dated this 7th day of MAY 2018

Newhope Baptist Preschool Inc.

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue			
Revenue	4	686,612	337,654
Expenses			
Administration expenses		(34,469)	(32,888)
Program expenses		(17,733)	(17,118)
Teaching expenses		(251,581)	(219,581)
General expenses		(20,110)	(16,949)
Parent committee expenses		(5,504)	(4,621)
Occupancy expenses		(30,810)	(37,766)
BFGG expenses		(432,500)	-
Total expenses		(792,707)	(328,923)
Profit before income tax		(106,095)	8,731
Income tax expense		-	-
Profit from continuing operations		(106,095)	8,731
Profit for the year		(106,095)	8,731
Other comprehensive income, net of income tax			
Total comprehensive income for the year		(106,095)	8,731

The accompanying notes form part of these financial statements.

Newhope Baptist Preschool Inc.

Statement of Financial Position

As At 31 December 2017

	2017	2016
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5 100,953	191,088
Other assets	6 19,000	19,715
TOTAL CURRENT ASSETS	119,953	210,803
NON-CURRENT ASSETS		
Plant and equipment	7 22,300	19,982
TOTAL NON-CURRENT ASSETS	22,300	19,982
TOTAL ASSETS	142,253	230,785
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	8 29,210	16,303
Employee benefits	9 36,908	33,684
TOTAL CURRENT LIABILITIES	66,118	49,987
NON-CURRENT LIABILITIES		
Employee benefits	9 5,862	4,430
TOTAL NON-CURRENT LIABILITIES	5,862	4,430
TOTAL LIABILITIES	71,980	54,417
NET ASSETS	70,273	176,368
Equity		
Retained profits	10 70,273	176,368
TOTAL EQUITY	70,273	176,368

The accompanying notes form part of these financial statements.

Newhope Baptist Preschool Inc.

Statement of Changes in Equity
For the Year Ended 31 December 2017

2017

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2017	<u>176,368</u>	<u>176,368</u>
Profit/loss attributable to members of the association	<u>(106,095)</u>	<u>(106,095)</u>
Balance at 31 December 2017	<u><u>70,273</u></u>	<u><u>70,273</u></u>

2016

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2016	<u>167,637</u>	<u>167,637</u>
Profit/loss attributable to members of the association	<u>8,731</u>	<u>8,731</u>
Balance at 31 December 2016	<u><u>176,368</u></u>	<u><u>176,368</u></u>

The accompanying notes form part of these financial statements.

Newhope Baptist Preschool Inc.

Statement of Cash Flows

For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	686,311	317,740
Payments to suppliers and employees	(772,060)	(311,379)
Interest received	301	435
Net cash provided by/(used in) operating activities	12 <u>(85,448)</u>	<u>6,796</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	5,038
Purchase of property, plant and equipment	(4,687)	-
Net cash provided by/(used in) investing activities	<u>(4,687)</u>	<u>5,038</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	(90,135)	11,834
Cash and cash equivalents at beginning of year	191,088	179,254
Cash and cash equivalents at end of financial year	5 <u>100,953</u>	<u>191,088</u>

The accompanying notes form part of these financial statements.

Newhope Baptist Preschool Inc.

Notes to the Financial Statements

For the Year Ended 31 December 2017

The financial statements cover Newhope Baptist Preschool Inc. as an individual entity. Newhope Baptist Preschool Inc. is a not-for-profit Association incorporated in Victoria under the *Associations Incorporation Reform Act 2012* ('the Act').

The principal activities of the Association for the year ended 31 December 2017 were to provide kindergarten activities to 3 year old and 4 year old children of members of the association.

The functional and presentation currency of Newhope Baptist Preschool Inc. is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the Committee of Management, the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, 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.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of Significant Accounting Policies

(c) Goods and services tax (GST)

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(g) 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.

Notes to the Financial Statements

For the Year Ended 31 December 2017

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

4 Revenue and Other Income

	2017	2016
	\$	\$
Revenue		
- administration fee - enrolment	20,140	18,628
- fees	300,416	284,125
- interest received	301	435
- donations from NHBC school building fund	24,000	24,000
- donations and fundraising	9,255	10,466
- grants	332,500	-
Total revenue	<u>686,612</u>	<u>337,654</u>

5 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash on hand	500	400
Cash at bank	100,453	190,688
	<u>100,953</u>	<u>191,088</u>

6 Trade and Other Receivables

	2017	2016
	\$	\$
CURRENT		
Other current assets	19,000	19,715
Total current trade and other receivables	<u>19,000</u>	<u>19,715</u>

Newhope Baptist Preschool Inc.

Notes to the Financial Statements

For the Year Ended 31 December 2017

7 Property, plant and equipment

Freehold improvements		
At cost	43,760	44,337
Accumulated depreciation	(29,181)	(28,927)
Total freehold improvements	<u>14,579</u>	<u>15,410</u>
Plant and equipment		
At cost	13,228	10,516
Accumulated depreciation	(5,507)	(5,944)
Total plant and equipment	<u>7,721</u>	<u>4,572</u>
Total property, plant and equipment	<u>22,300</u>	<u>19,982</u>

8 Trade and Other Payables

	2017	2016
	\$	\$
Current		
GST payable	4,021	4,311
Accrued expenses	3,521	3,769
PAYG withholding payable	12,834	7,882
Other payables	1,054	341
Electronic clearing account	7,780	-
	<u>29,210</u>	<u>16,303</u>

9 Employee Benefits

	2017	2016
	\$	\$
Current liabilities		
Long service leave	12,231	12,424
Personal leave	24,677	21,260
	<u>36,908</u>	<u>33,684</u>
	2017	2016
	\$	\$
Non-current liabilities		
Long service leave	5,862	4,430
	<u>5,862</u>	<u>4,430</u>

10 Retained Earnings

	2017	2016
	\$	\$
Retained earnings (accumulated losses) at the beginning of the financial year	176,368	167,637
Net profit attributable to the members of the association	(106,095)	8,731

Notes to the Financial Statements
For the Year Ended 31 December 2017

10 Retained Earnings

	2017	2016
	\$	\$
Retained earnings at end of the financial year	70,273	176,368

11 Auditors' Remuneration

	2017	2016
	\$	\$
Remuneration of the auditor [rdl.accountants] for:		
- auditing or reviewing the financial statements	2,063	1,995
Total	2,063	1,995

12 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2017	2016
	\$	\$
Net profit attributable to the members of the association	(106,095)	8,731
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	2,369	3,156
Changes in assets and liabilities:		
- (increase)/decrease in other operating assets	715	(19,716)
- (increase)/decrease in prepayments	-	2,720
- increase/(decrease) in trade and other payables	12,907	186
- increase/(decrease) in employee benefits	4,656	11,719
Cashflows from operations	(85,448)	6,796

13 Events after the end of the Reporting Period

The financial report was authorised for issue on 07 May 2018 by the Committee of Management.

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

Newhope Baptist Preschool Inc.

Notes to the Financial Statements

For the Year Ended 31 December 2017

14 Statutory Information

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

Newhope Baptist Preschool Inc.

3 Springfield Road

BLACKBURN NORTH VIC 3130

Newhope Baptist Preschool Inc.

Statement by Members of the Committee

The committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the opinion of the committee the financial report as set out on pages 2 to 11:

1. Presents fairly the financial position of Newhope Baptist Preschool Inc. as at 31 December 2017 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Newhope Baptist Preschool Inc. will be able to pay its debts as and when they fall due.

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

President 
Cathryn De Witt

Treasurer 
Surette Southwood

Dated this 7th day of MAY 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWHOPE BAPTIST PRESCHOOL INC.

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Newhope Baptist Preschool Inc. (the association), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and 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 the members of the committee.

In our opinion, the financial report presents a true and fair view, in all material respects, of the financial position of Newhope Baptist Preschool Inc. as at 31 December 2017 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements, and the *Associations Incorporation Reform Act 2012 Victoria*.

Basis for Opinion

We have conducted our audit in accordance with the 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 association in accordance with the ethical requirements of the *Australian and Not-for-profits Commission Act 2012* and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Newhope Baptist Preschool Inc. to meet the requirements of *Associations Incorporation Reform Act 2012 Victoria*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Committee Members for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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 Australian Auditing Standards, we exercise professional judgment 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Entity'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 Entity 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.



Joel Hernandez, CA
rdl.accountants

7 May 2018
Blackburn, Victoria