

NewHope Baptist Preschool Inc.

ABN 11 276 993 085

Annual Report - 31 December 2016

**NewHope Baptist Preschool Inc.
Committee members' report
31 December 2016**

The committee members present their report, together with the financial statements, on the incorporated association for the year ended 31 December 2016.

Committee members

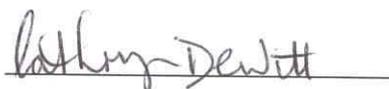
The following persons were committee members of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:

Allan Demond
Surette Southwood
Julie Hays
Ron Coleman
Fiona Beveridge
Cathryn De Witt
Sanette Wood

Principal activities

During the financial year the principal continuing activities of the incorporated association consisted of providing kindergarten activities to 3 year old and 4 year old children of members of the association.

On behalf of the committee



Committee Member



Committee Member

1st May 2017

NewHope Baptist Preschool Inc.

Contents

31 December 2016

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Committee members' declaration	12
Independent auditor's report to the members of NewHope Baptist Preschool Inc.	13

NewHope Baptist Preschool Inc.
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	4	337,654	336,123
Total revenue		<u>337,654</u>	<u>336,123</u>
Expenses			
Program expenses		(17,118)	(18,520)
Administration expenses		(32,888)	(30,368)
Teaching expenses		(219,581)	(216,890)
General expenses		(16,949)	(26,980)
Parent committee expenses		(4,621)	(9,835)
Occupancy expenses		(37,766)	(30,704)
Total expenses		<u>(328,923)</u>	<u>(333,297)</u>
Surplus before income tax expense		8,731	2,826
Income tax expense		<u>-</u>	<u>-</u>
Surplus after income tax expense for the year attributable to the members of NewHope Baptist Preschool Inc.	11	8,731	2,826
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the members of NewHope Baptist Preschool Inc.		<u><u>8,731</u></u>	<u><u>2,826</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**NewHope Baptist Preschool Inc.
Statement of financial position
As at 31 December 2016**

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	5	191,088	179,254
Other	6	19,715	2,720
Total current assets		<u>210,803</u>	<u>181,974</u>
Non-current assets			
Property, plant and equipment	7	19,982	28,175
Total non-current assets		<u>19,982</u>	<u>28,175</u>
Total assets		<u>230,785</u>	<u>210,149</u>
Liabilities			
Current liabilities			
Trade and other payables	8	16,303	16,117
Employee benefits	9	33,684	26,395
Total current liabilities		<u>49,987</u>	<u>42,512</u>
Non-current liabilities			
Employee benefits	10	4,430	-
Total non-current liabilities		<u>4,430</u>	<u>-</u>
Total liabilities		<u>54,417</u>	<u>42,512</u>
Net assets		<u>176,368</u>	<u>167,637</u>
Equity			
Retained surpluses	11	176,368	167,637
Total equity		<u>176,368</u>	<u>167,637</u>

The above statement of financial position should be read in conjunction with the accompanying notes

NewHope Baptist Preschool Inc.
Statement of changes in equity
For the year ended 31 December 2016

	Retained surpluses \$	Total equity \$
Balance at 1 January 2015	164,811	164,811
Surplus after income tax expense for the year	2,826	2,826
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	2,826	2,826
	<hr/>	<hr/>
Balance at 31 December 2015	<u>167,637</u>	<u>167,637</u>
	 Retained surpluses \$	 Total equity \$
Balance at 1 January 2016	167,637	167,637
Surplus after income tax expense for the year	8,731	8,731
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	8,731	8,731
	<hr/>	<hr/>
Balance at 31 December 2016	<u>176,368</u>	<u>176,368</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

NewHope Baptist Preschool Inc.
Statement of cash flows
For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		317,740	335,826
Payments to suppliers and employees (inclusive of GST)		<u>(311,379)</u>	<u>(324,056)</u>
		6,361	11,770
Interest received		<u>435</u>	<u>297</u>
Net cash from operating activities	14	<u>6,796</u>	<u>12,067</u>
Cash flows from investing activities			
Payments for property, plant and equipment	7	-	(701)
Proceeds from disposal of property, plant and equipment		<u>5,038</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>5,038</u>	<u>(701)</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		11,834	11,366
Cash and cash equivalents at the beginning of the financial year		<u>179,254</u>	<u>167,888</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>191,088</u></u>	<u><u>179,254</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

**NewHope Baptist Preschool Inc.
Notes to the financial statements
31 December 2016**

Note 1. General information

NewHope Baptist Preschool Inc. is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business is:

3 Springfield Rd
BLACKBURN NORTH VIC 3130

A description of the nature of the incorporated association's operations and its principal activities are included in the committee's report, which is not part of the financial statements.

The financial statements were authorised for issue on 1st May 2017.

Note 2. 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.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

In the committee's opinion, the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Victorian legislation the Associations Incorporation Reform Act 2012 Victoria and associated regulations. The committee has determined that the accounting policies adopted are appropriate to meet the needs of the members of Newhope Baptist Pre School Inc.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') 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', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 3.

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.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

**NewHope Baptist Preschool Inc.
Notes to the financial statements
31 December 2016**

Note 2. Significant accounting policies (continued)

Rendering of services

Rendering of services revenue from kindergarten fees is recognised by reference to the amount of weeks attended.

Interest

Interest revenue is recognised as interest when received.

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.

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 the incorporated association's 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 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 the incorporated association's 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.

Cash and cash equivalents

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

Property, plant and equipment

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

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:

Machinery & equipment	5 years
Computer hardware	4 years
Fixed structures	15 years
Playground equipment	8 years
Tanks	20 years
Buildings	40 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.

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.

Employee benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

**NewHope Baptist Preschool Inc.
Notes to the financial statements
31 December 2016**

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

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.

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 31 December 2016. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. 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.

Note 4. Revenue

	2016	2015
	\$	\$
Donations from NHBC school building fund	24,000	35,013
Fees	284,125	275,896
Administration fee - enrolment	18,628	17,091
Interest received	435	297
Collected money from parents excursions	225	626
Donations and fundraising	10,241	7,200
	<hr/>	<hr/>
Revenue	<u>337,654</u>	<u>336,123</u>

NewHope Baptist Preschool Inc.
Notes to the financial statements
31 December 2016

Note 5. Current assets - cash and cash equivalents

	2016	2015
	\$	\$
Cash on hand	400	400
Cash at bank	190,688	178,854
	<u>191,088</u>	<u>179,254</u>

Note 6. Current assets - other

	2016	2015
	\$	\$
Prepayments	-	2,720
Other current assets	19,715	-
	<u>19,715</u>	<u>2,720</u>

Note 7. Non-current assets - property, plant and equipment

	2016	2015
	\$	\$
Freehold improvements - at cost	44,337	56,045
Less: Accumulated depreciation	(28,927)	(33,413)
	<u>15,410</u>	<u>22,632</u>
Plant and equipment - at cost	10,516	10,982
Less: Accumulated depreciation	(5,944)	(5,439)
	<u>4,572</u>	<u>5,543</u>
	<u>19,982</u>	<u>28,175</u>

Note 8. Current liabilities - trade and other payables

	2016	2015
	\$	\$
PAYG withholding payable	7,882	7,372
GST payable	4,311	5,053
Accrued expenses	3,769	2,995
Other payables	341	697
	<u>16,303</u>	<u>16,117</u>

Note 9. Current liabilities - employee benefits

	2016	2015
	\$	\$
Annual leave	21,260	13,397
Long service leave	12,424	12,998
	<u>33,684</u>	<u>26,395</u>

NewHope Baptist Preschool Inc.
Notes to the financial statements
31 December 2016

Note 10. Non-current liabilities - employee benefits

	2016 \$	2015 \$
Long service leave	4,430	-

Note 11. Equity - retained surpluses

	2016 \$	2015 \$
Retained surpluses at the beginning of the financial year	167,637	164,811
Surplus after income tax expense for the year	8,731	2,826
Retained surpluses at the end of the financial year	176,368	167,637

Note 12. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by rdl.accountants, the auditor of the incorporated association:

	2016 \$	2015 \$
<i>Audit services - rdl.accountants</i>		
Audit of the financial statements	1,995	1,920

Note 13. Events after the reporting period

No matter or circumstance has arisen since 31 December 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.

Note 14. Reconciliation of surplus after income tax to net cash from operating activities

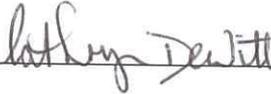
	2016 \$	2015 \$
Surplus after income tax expense for the year	8,731	2,826
Adjustments for:		
Depreciation and amortisation	3,156	3,247
Change in operating assets and liabilities:		
Decrease/(increase) in prepayments	2,720	(2,720)
Increase in other operating assets	(19,716)	-
Increase/(decrease) in trade and other payables	186	(6,698)
Increase in employee benefits	11,719	15,412
Net cash from operating activities	6,796	12,067

**NewHope Baptist Preschool Inc.
Committee members' declaration
31 December 2016**

In the committee members' opinion:

- the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 2 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Victorian legislation the Associations Incorporation Reform Act 2012 and associated regulations;
- the attached financial statements and notes comply with the Accounting Standards as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 31 December 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 committee members



Committee Member

1st May 2017



Committee Member

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 2016, 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 2016 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 2 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 2 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'Joel Hernandez', with a stylized flourish at the end.

Joel Hernandez, CA
rdl.accountants

1 May 2017
Blackburn, Victoria