Belconnen Community Service Inc

ABN 24 597 445 592

Financial Statements

For the Year Ended 30 June 2017

Belconnen Community Service Inc

ABN 24 597 445 592

Contents

For the Year Ended 30 June 2017

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Committee Member's Report
For the Year Ended 30 June 2017

The committee members submit the financial report of the association for the financial year ended 30 June 2017.

1. General information

Committee members

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

Renee Heaton	President
John Ignatius	Vice President
Riki Sutherland	Secretary
Ann Thorpe	Treasurer
Dawn Casey	
Penny Dakin	
Former committee members	
Alicia Payne	
Roz Lambert	
Amy Thai	

Principal activities

The principal activities of the association during the financial year were to provide services and support to the residents of Belconnen and the ACT.

Significant changes

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

2. Operating results

The profit of the association for the financial year after providing for income tax amounted to $ 257,703 (2016: $ 41,028).

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

Renee Heaton

President: ....
Renee Heaton

Treasurer: ....
Ann Thorpe

Dated: 3 October 2017

Belconnen Community Service Inc

ABN 24 597 445 592

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017

	Note	2017 $	2016 $
Revenue	3	**11,206,091**	11,111,619
Employee benefits expense		**(8,710,146)**	(9,026,907)
Depreciation and amortisation expense		**(59,365)**	(62,056)
Other expenses		**(2,178,877)**	(1,981,628)
Profit before income tax		**257,703**	41,028
Income tax expense		**-**	-
Profit for the year		**257,703**	41,028
Total comprehensive income for the year		**257,703**	41,028

The accompanying notes form part of these financial statements.

Belconnen Community Service Inc

ABN 24 597 445 592

Statement of Financial Position
As At 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**3,054,075**	2,953,382
Trade and other receivables	6	**160,201**	117,850
Current tax receivable	7	**4,970**	30,004
Other assets	8	**109,876**	146,653
TOTAL CURRENT ASSETS		**3,329,122**	3,247,889
NON-CURRENT ASSETS			
Property, plant and equipment	9	**289,124**	314,662
TOTAL NON-CURRENT ASSETS		**289,124**	314,662
TOTAL ASSETS		**3,618,246**	3,562,551
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**679,358**	812,564
Borrowings	11	**-**	6,682
Short-term provisions	12	**664,290**	632,737
Other financial liabilities	13	**496,528**	573,432
TOTAL CURRENT LIABILITIES		**1,840,176**	2,025,415
NON-CURRENT LIABILITIES			
Long-term provisions	12	**-**	16,769
TOTAL NON-CURRENT LIABILITIES		**-**	16,769
TOTAL LIABILITIES		**1,840,176**	2,042,184
NET ASSETS		**1,778,070**	1,520,367
EQUITY			
Retained earnings		**1,778,070**	1,520,367
TOTAL EQUITY		**1,778,070**	1,520,367

The accompanying notes form part of these financial statements.

Belconnen Community Service Inc

ABN 24 597 445 592

Statement of Changes in Equity
For the Year Ended 30 June 2017

2017

	Note	Retained Earnings $	Total $
Balance at 1 July 2016		**1,520,367**	**1,520,367**
Profit attributable to members of the entity		**257,703**	**257,703**
Balance at 30 June 2017		**1,778,070**	**1,778,070**

2016

	Note	Retained Earnings $	Total $
Balance at 1 July 2015		1,479,339	1,479,339
Profit attributable to members of the entity		41,028	41,028
Balance at 30 June 2016		1,520,367	1,520,367

The accompanying notes form part of these financial statements.

Belconnen Community Service Inc

ABN 24 597 445 592

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**11,578,163**	12,041,626
Payments to suppliers and employees		**(11,492,811)**	(12,150,005)
Interest received		**55,301**	58,485
Net cash provided by/(used in) operating activities	14(b)	**140,653**	(49,894)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		**2,286**	-
Purchase of plant and equipment		**(35,564)**	(99,895)
Net cash provided by/(used in) investing activities		**(33,278)**	(99,895)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(6,682)**	(11,456)
Net cash provided by/(used in) financing activities		**(6,682)**	(11,456)
Net increase/(decrease) in cash held		**100,693**	(161,245)
Cash and cash equivalents at beginning of year		**2,953,382**	3,114,627
Cash and cash equivalents at end of financial year	14(a)	**3,054,075**	2,953,382

The accompanying notes form part of these financial statements.

The financial statements cover Belconnen Community Service Inc as an individual entity. Belconnen Community Service Inc is a not-for-profit association incorporated in the Australian Capital Territory under the *Associations Incorporation Act (ACT) 1991* ('the Act').

The financial statements were authorised for issue on 3 October 2017 by the committee members of the association.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) Revenue and other income

Non-reciprocal grant revenue is recognised in profit or loss when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method. Membership income is recognised on a receipts basis as it is voluntary in nature.

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

(c) Income Tax

No provision for income tax has been raised as the association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

1 Summary of Significant Accounting Policies

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(e) 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 statement of financial position.

(f) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(n) for further discussion on the determination of impairment losses.

(g) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

1 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the association commencing from the time the asset is available for use.

The depreciation rates used for each class of depreciable asset are:

Fixed asset class	Depreciation rates
Plant and Equipment	1-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the asset revaluation reserve relating to that asset are transferred to retained earnings.

(h) Impairment of assets

At the end of each reporting period the association assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(i) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) 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.

1 Summary of Significant Accounting Policies

(k) Employee provisions

Short-term employee provisions

Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The association's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Unexpended grants

The association receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the association to treat grant monies as unexpended grants in the statement of financial position where the association is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases. Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

1 Summary of Significant Accounting Policies

(n) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the 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, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at ‘fair value through profit or loss’ when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

1 Summary of Significant Accounting Policies

(n) Financial instruments

Classification and subsequent measurement

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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 will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a 'loss event'), 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 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 to 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 into 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 undertaken all possible measures of recovery, if the 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.

1 Summary of Significant Accounting Policies

(n) Financial instruments

Impairment

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.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(o) Fair value of assets and liabilities

The association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the association at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in the highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the association's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

1 Summary of Significant Accounting Policies

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the preceding comparative period, in addition to the minimum comparative financial statements, must be disclosed.

(q) Economic dependence

Belconnen Community Service Inc is dependent on Federal and ACT government funding for a significant portion of its revenue used to operate the business. Significant government funding has been secured until 30 June 2019. At the date of this report the committee members have no reason to believe the Federal and ACT governments will not continue to support Belconnen Community Service Inc.

(r) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The association has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the association:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6 / AASB 2013-9 / AASB 2014-1 / AASB 2014-7 / AASB 2014-8	30 June 2019	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.	The available-for-sale investments held will be classified as fair value through OCI and will no longer be subject to impairment testing. Other impacts on the reported financial position and performance have not yet been determined.

1 Summary of Significant Accounting Policies

(r) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers and amending standards AASB 2014-5 / AASB 2015-8 / AASB 2016-3 / AASB 2016-7 / AASB 2016-8	30 June 2020	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple element arrangements.	The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.
AASB 16 Leases	30 June 2020	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short term leases and low value assets which may remain off balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating leases which we anticipate will be brought onto the statement of financial position. Interest and amortisation expense will increase and rental expense will decrease.

2 Critical Accounting Estimates and Judgements

The committee members evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

Key estimates - impairment

The association assesses impairment at the end of each reporting period by evaluating conditions and events 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.

3 Revenue and Other Income

	Note	2017 $	2016 $
Revenue			
- Child care fees		**4,430,289**	4,997,954
- Grant revenue		**5,619,882**	5,463,897
- NDIS income		**687,266**	278,014
- Other income		**412,804**	313,269
- Interest received		**55,301**	58,485
- Net gain on disposal of plant and equipment		**549**	-
Total revenue		**11,206,091**	11,111,619

4 Result for the Year

The result for the year includes the following specific expenses:

	Note	2017 $	2016 $
Impairment of receivables:			
- Bad debts		**5,277**	4,401
- Doubtful debts		**28,386**	6,643
Total impairment of receivables		**33,663**	11,044
Rental expense on operating leases:			
- Minimum lease payments		**144,064**	133,408
- Rental expense for sub-lease		**97,935**	88,834

5 Cash and Cash Equivalents

	Note	2017 $	2016 $
CURRENT			
Cash on hand		**2,647**	4,960
Cash at bank		**203,682**	185,439
Short-term deposits		**2,847,746**	2,762,983
	14, 20	**3,054,075**	2,953,382

6 Trade and Other Receivables

	Note	2017 $	2016 $
CURRENT			
Trade receivables		**205,100**	134,363
Provision for impairment	6(a)	**(44,899)**	(16,513)
Total current trade and other receivables	20	**160,201**	117,850

(a) Impairment of receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired.

Reconciliation of changes in the provision for impairment of receivables is as follows:

	Note	2017 $	2016 $
Balance at beginning of the year		**16,513**	9,870
Additional impairment loss recognised		**33,663**	11,044
Provision used		**(5,277)**	(4,401)
Balance at end of the year		**44,899**	16,513

(b) Credit risk - Trade and other receivables

The association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 6. The main source of credit risk to the association is considered to relate to the class of assets described as 'trade and other receivables'.

The following table details the association's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the association and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the association. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

6 Trade and Other Receivables

(b) Credit risk - Trade and other receivables

			Past due but not impaired (days overdue)				
	Gross amount	**Past due and impaired**	**< 30**	**31-60**	**61-90**	**> 90**	**Within initial trade terms**
	$	**$**	**$**	**$**	**$**	**$**	**$**
2017							
Trade and other receivables	**205,100**	**44,899**	**10,034**	**16,133**	**-**	**-**	**134,034**
2016							
Trade and other receivables	134,363	16,513	16,288	273	-	-	101,289

7 Tax assets

	Note	**2017** **$**	**2016** **$**
CURRENT			
GST receivable		**4,970**	30,004
Current tax receivable		**4,970**	30,004

8 Other Assets

	Note	**2017** **$**	**2016** **$**
CURRENT			
Prepayments		**48,515**	107,966
Accrued income		**61,361**	38,687
		109,876	146,653

9 Property, plant and equipment

	Note	**2017** **$**	**2016** **$**
Plant and equipment			
At cost		**510,114**	741,528
Accumulated depreciation		**(220,990)**	(426,866)
Total property, plant and equipment		**289,124**	314,662

9 Property, plant and equipment

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment $	Total $
Year ended 30 June 2017		
Balance at the beginning of year	**314,662**	**314,662**
Additions	**35,565**	**35,565**
Disposals	**(1,738)**	**(1,738)**
Depreciation expense	**(59,365)**	**(59,365)**
Balance at the end of the year	**289,124**	**289,124**
Year ended 30 June 2016		
Balance at the beginning of year	276,824	276,824
Additions	99,894	99,894
Depreciation expense	(62,056)	(62,056)
Balance at the end of the year	314,662	314,662

10 Trade and Other Payables

	Note	2017 $	2016 $
CURRENT			
Unsecured liabilities			
Trade payables		**619,590**	446,557
Accrued expenses		**59,768**	366,007
	20	**679,358**	812,564

11 Borrowings

	Note	2017 $	2016 $
CURRENT			
Secured liabilities			
Bank loans		**-**	6,682
Total current borrowings	20	**-**	6,682

The loan relates to the development of the Social Bean Cafe.

12 Provisions

	Note	2017 $	2016 $
CURRENT			
Annual leave entitlements		**521,910**	494,444
Long service leave entitlements		**142,380**	138,293
		664,290	632,737
NON-CURRENT			
Long service leave entitlements		**-**	16,769
		-	16,769

	Annual leave entitlements $	Long service leave entitlements $	Total $
Current and Non-Current			
Opening balance at 1 July 2016	**494,444**	**155,062**	**649,506**
Additional provisions	**525,141**	**15,891**	**541,032**
Provisions used	**(497,675)**	**(28,573)**	**(526,248)**
Balance at 30 June 2017	**521,910**	**142,380**	**664,290**

Employee Provisions

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the association does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

13 Other Financial Liabilities

	Note	2017 $	2016 $
CURRENT			
Government grants		**404,623**	430,781
Deferred child care income		**91,905**	142,651
Total		**496,528**	573,432

14 Cash Flow Information

(a) Reconciliation of cash

	Note	2017 $	2016 $
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents	5	**3,054,075**	2,953,382
		3,054,075	2,953,382

(b) Reconciliation of cash flow from operations with Profit after income tax

	Note	2017 $	2016 $
Profit for the year		**257,703**	41,028
Non-cash flows in profit:			
- depreciation		**59,365**	62,056
- net (gain)/loss on disposal of plant and equipment		**(549)**	-
- impairment of receivables		**28,386**	6,643
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		**(45,703)**	42,458
- (increase)/decrease in prepayments		**59,451**	3,787
- (increase)/decrease in accrued income		**(22,674)**	(38,687)
- increase/(decrease) in income in advance		**(76,904)**	(127,236)
- increase/(decrease) in trade and other payables		**(133,206)**	54,462
- increase/(decrease) in provisions		**14,784**	(94,405)
Cash flows from operations		**140,653**	(49,894)

(c) Credit standby arrangements with banks

	Note	2017 $	2016 $
Credit facility		**32,000**	32,000
		32,000	32,000

The association has credit card facilities setup with their bank with general terms and conditions. Interest rates are variable and subject to adjustment.

(d) Non-cash financing and investing activities

There were no non-cash financing or investing activities during the year.

15 Key Management Personnel Remuneration

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including any committee member is considered key management personnel.

The totals of remuneration paid to the key management personnel of the association during the year are as follows:

	Note	2017 $	2016 $
Short-term employee benefits		**598,570**	560,228
		598,570	560,228

16 Auditors' Remuneration

	Note	2017 $	2016 $
Remuneration of the auditor, Hardwickes Chartered Accountants, for:			
- auditing or reviewing the financial statements		**18,727**	-
Remuneration of the auditor, RSM Australia Pty Ltd, for:			
- auditing or reviewing the financial statements		**15,139**	18,540
- other services		**6,540**	13,200
		21,679	31,740
Total		**40,406**	31,740

17 Capital and Leasing Commitments

(a) Operating Lease Commitments

	Note	2017 $	2016 $
Payable - Minimum lease payments			
- not later than 12 months		**163,575**	296,645
- between 12 months and 5 years		**115,265**	474,054
		278,840	770,699

Operating leases are in place for motor vehicles, equipment and property. The leases have terms between 1 and 3 years. Motor vehicle and equipment lease payments have fixed monthly payments. Property leases have monthly payments which increase in accordance with the terms of the lease agreement.

18 Contingencies

In the opinion of committee, the association did not have any contingencies at 30 June 2017 (30 June 2016: None).

19 Events after the end of the Reporting Period

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.

20 Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017 $	2016 $
Financial Assets			
Cash and cash equivalents	5	**3,054,075**	2,953,382
Trade and other receivables	6	**160,201**	117,850
Total financial assets		**3,214,276**	3,071,232
Financial liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	10	**679,358**	812,564
- Borrowings	11	**-**	6,682
Total financial liabilities		**679,358**	819,246

Financial risk management policies

The committee members' risk management strategy seeks to assist the association in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the committee members on a regular basis. These include credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the association is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the committee members objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

20 Financial Risk Management

(a) Credit risk

Credit risk is managed through the maintenance of procedures ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The association has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and other receivables are provided in Note 6.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

Credit risk related to balances with banks and other financial institutions is managed by the directors. The following table provides information regarding credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2017 $	2016 $
Cash and cash equivalents			
- AA Rated	5	**3,051,428**	2,948,422
		3,051,428	2,948,422

(b) Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit risk profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

20 Financial Risk Management

(b) Liquidity risk

The table below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	**679,358**	812,564	**-**	-	**-**	-	**679,358**	812,564
Borrowings	**-**	6,682	**-**	-	**-**	-	**-**	6,682
Total contractual outflows	**679,358**	819,246	**-**	-	**-**	-	**679,358**	819,246

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Financial assets - cash flows realisable								
Cash and cash equivalents	**3,054,075**	2,953,382	**-**	-	**-**	-	**3,054,075**	2,953,382
Trade, term and loans receivables	**160,201**	117,850	**-**	-	**-**	-	**160,201**	117,850
Total anticipated outflows	**3,214,276**	3,071,232	**-**	-	**-**	-	**3,214,276**	3,071,232

(c) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The association is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the association to interest rate risk are limited to fixed interest securities and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the association's exposures to changes in interest rates. The table indicates the impact on how profit or loss and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that the committee members consider to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

20 Financial Risk Management

	Profit $	Equity $
Year ended 30 June 2017		
+/- 2% in interest rates	**61,000**	**61,000**
Year ended 30 June 2016		
+/- 2% in interest rates	59,000	59,000

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair values

Fair value estimation

The fair values of financial assets and financial liabilities approximate their carrying values as presented in the statement of financial position and notes to the financial statements. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the association. Most of these instruments which are carried at amortised cost are to be held until maturity and therefore the fair value figures calculated bear little relevance to the association.

The fair values of financial assets and financial liabilities as disclosed in the statement of financial position and in the notes to the financial statements have been determined based on the following methodologies: Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude deferred income which is not considered to be a financial instrument.

21 Association details

The principal place of business of the association is:

Belconnen Community Service Inc
26 Chandler Street
Belconnen ACT 2616

Belconnen Community Service Inc

ABN 24 597 445 592

Statement by Members of the Committee

In the opinion of the committee the financial report as set out on pages 2 to 25:

1. Give a true and fair view of the financial position of Belconnen Community Service Inc as at 30 June 2017 and its performance for the year ended on that date in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012.*

2. There are reasonable grounds to believe that Belconnen Community Service Inc will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013* and is signed for and on behalf of the committee by:

President: ....
Renee Heaton

Treasurer: ....
Ann Thorpe

Dated: 3 October 2017

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Independent Auditor's Report

To the members of Belconnen Community Service Inc

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Belconnen Community Service Inc (the association), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of Belconnen Community Service Inc is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012,* including:

(i) giving a true and fair view of the association's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for Opinion

We conducted our audit in accordance with 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 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.

Responsibilities of the Committee for the Financial Report

The committee are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Hardwickes
more than accounting

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Independent Auditor's Report

To the members of Belconnen Community Service Inc

Auditor's Responsibilities 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 the Australian Auditing Standards, we exercise professional judgement 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 association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.

- Conclude on the appropriateness of the committee'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 association'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 reporter, 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 association 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.

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Independent Auditor's Report

To the members of Belconnen Community Service Inc

We communicate with the committee 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.

Hardwickes
Chartered Accountants

Hardwickes
R Johnson

Robert Johnson FCA
Partner

Canberra

Dated: 3 October 2017