

MENZIES INC
ABN 55 784 349 165

FINANCIAL REPORT
FOR THE YEAR ENDING
30 JUNE 2016

MENZIES INC
ABN 55 784 349 165

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MENZIES INC
ABN 55 784 349 165

COMMITTEE'S REPORT

Your Committee members present this report of Menzies Inc. for the financial year ended 30 June 2016.

COMMITTEE MEMBERS

The names of Committee members throughout the year and to the date of this report were:

<u>Name</u>	<u>Title</u>	<u>Member</u>
Mr Greg Lacey	Principal, Lyndhurst Primary School	Member since 2008
Mr Denis Hildebrand	Pharmacist	Member since 1985
Mr Alan Splatt	Partner, Taylor Splatt & Partners Lawyers	Member since 2007
Mr Kevin Johnson	Director, CMJ Solutions	Member since 2010
Ms Georgia Symmons	Director of Development, Toorak College	Member since 2012
Mr Mike Tonroe Treasurer	CFO and Company Secretary, Circadian Technologies Ltd	Member since 2013
Mrs Anne Ridgway	Director Human Resources	Member since 2012
Mrs Jacinta Larkins	Former CEO Menzies	Member since 2015
Mr James Malone	University Lecturer	Member since 2016

Each Committee member has been in office since the start of the financial year to the date of this report unless otherwise stated.

MENZIES INC
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COMMITTEE'S REPORT (CONTINUED)

PRINCIPAL ACTIVITIES

The principal activity of the Association during the financial year has been that of a philanthropic organisation.

SIGNIFICANT CHANGES

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

OPERATING RESULT

The profit for the year before the revaluation of assets amounted to \$653,096 (2015 profit for the year before the revaluation of assets: \$1,563,222).

COMMITTEE'S STATEMENT

The Committee have determined that Menzies Inc. is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

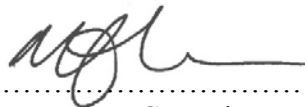
In the opinion of the Committee, the financial report:

1. Give a true and fair view of the financial position and performance of Menzies Inc. as at 30 June 2016 and its performance and cash flows for the year ended on that date; and
2. At the date of this statement, there are reasonable grounds to believe that Menzies 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:



.....
Kevin Johnson - Committee Member



.....
Mike Tonroe - Committee Member

Dated this 27 day of October 2016

AUDITOR'S INDEPENDENCE DECLARATION

To Menzies Inc,

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, as lead auditor for the audit of Menzies Inc. for the year ended 30 June 2016, we declare that, to the best of our knowledge and belief, there have been:

- i) No contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit, and;
- ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Frankston on the 27th of October 2016



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

Certified Practising Accountant

Authorised Audit Company No 415478

434 Nepean Highway Frankston 3199, PO Box 309 Frankston Victoria 3199

Telephone (03) 9781 2633 – Fax (03) 9781 3073

Email – szepfalusy@shepard.com.au



DAVID A SZEPFALUSY
DIRECTOR

MENZIES INC
ABN 55 784 349 165

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
REVENUE			
Government Grants and Services Income		-	9,911
Gain on the Disposal of Properties		368,658	1,708,499
Donations		369,422	24,028
Net Investment Income		42,832	39,415
Interest Received		56,845	32,299
Other Revenue		131,101	121,532
TOTAL REVENUE		968,858	1,935,684
EXPENDITURE			
Employee Benefit Expense		3,193	85,228
Depreciation and Amortisation		14,573	4,331
Agency Costs		-	400
Other expenses from ordinary activities		297,996	282,503
TOTAL EXPENDITURE		315,762	372,462
PROFIT / (LOSS) BEFORE INCOME TAX		653,096	1,563,222
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that may be reclassified subsequently to profit or loss:			
Fair Value (loss) / gain on revaluation of financial assets		(94,427)	(24,745)
Re-Allocation of reserve upon sale of properties		(386,830)	(1,469,925)
TOTAL COMPREHENSIVE INCOME / (LOSS)		(481,257)	(1,494,670)

The accompanying notes form part of these financial statements

MENZIES INC
ABN 55 784 349 165

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,686,225	2,416,184
Trade and Other Receivables	4	1,339,331	27,082
Financial Assets	5	432,838	514,459
Other Current Assets	6	2,600	5,200
TOTAL CURRENT ASSETS		<u>4,460,994</u>	<u>2,962,925</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	1,431,087	2,867,220
TOTAL NON-CURRENT ASSETS		<u>1,431,087</u>	<u>2,867,220</u>
TOTAL ASSETS		<u><u>5,892,081</u></u>	<u><u>5,830,145</u></u>
CURRENT LIABILITIES			
Trade and Other Creditors	8	123,177	233,080
Grants and Income Received in Advance	9	60,000	60,000
TOTAL CURRENT LIABILITIES		<u>183,177</u>	<u>293,080</u>
TOTAL LIABILITIES		<u><u>183,177</u></u>	<u><u>293,080</u></u>
NET ASSETS (LIABILITIES)		<u><u>5,708,904</u></u>	<u><u>5,537,065</u></u>
EQUITY			
Reserves – Revaluation of Freehold Property		1,303,911	1,690,741
Reserves – Financial Assets		(9,220)	85,207
Retained Earnings		4,414,213	3,761,117
TOTAL EQUITY		<u><u>5,708,904</u></u>	<u><u>5,537,065</u></u>

The accompanying notes form part of these financial statements

MENZIES INC
ABN 55 784 349 165

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
EQUITY			
Retained Earnings			
Opening Balance		3,761,117	2,197,895
Net Income		653,096	1,563,222
Closing Balance		<u>4,414,213</u>	<u>3,761,117</u>
Reserves – Revaluation of Freehold Property			
Opening Balance		1,690,741	3,160,666
Re-Allocation of reserve upon sale of properties		<u>(386,830)</u>	<u>(1,469,925)</u>
Closing Balance		<u>1,303,911</u>	<u>1,690,741</u>
Reserves – Financial Assets			
Opening Balance		85,207	109,952
Profit / (loss) on revaluation of financial assets		<u>(94,427)</u>	<u>(24,745)</u>
Closing Balance		<u>(9,220)</u>	<u>85,207</u>
TOTAL EQUITY		<u><u>5,708,904</u></u>	<u><u>5,537,065</u></u>

The accompanying notes form part of these financial statements

MENZIES INC
ABN 55 784 349 165

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from supporters and funding agencies		781,357	2,105,491
Payments to suppliers and employees		(496,570)	(2,347,234)
Net cash (used in) operating activities		284,787	(241,743)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Investments		(12,806)	(12,837)
Payments for Property, Plant & Equipment		(1,940)	(292,490)
Proceeds from Disposal of Property, Plant & Equipment		-	2,313,426
Net cash generated by (used in) investing activities		(14,746)	2,008,099
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance Lease Payments		-	(100,100)
Net cash (used in) financing activities		-	(100,100)
Net Increase / (decrease) in cash held		270,041	1,666,256
Cash at the beginning of the financial year		2,416,184	749,928
Cash at the end of the financial year		2,686,225	2,416,184

The accompanying notes form part of these financial statements

MENZIES INC
ABN 55 784 349 165

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*. The Committee has determined that the Association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* and the following Australian Accounting Standards:

AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 116	Property, Plant and Equipment
AASB 118	Revenue
AASB 136	Impairment of Assets
AASB 1031	Materiality
AASB 1048	Interpretation of Standards
AASB 1054	Australian Additional Disclosures.

No other applicable Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

Accounting Policies

a) Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the association obtains control of the grant, 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Revenue (Continued)

When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The association receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss

Donations and bequests are recognised as revenue when received

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax

b) 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.

c) 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Investments

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

After initial recognition, investments in Managed Funds are recorded at their market value with dividend income and distributions, being recognised in the Income Statement when received.

Unrealised gains and losses arising from normal market movements of the investments in available for sale securities are taken to the Financial Assets Reserve. In the event of a permanent impairment, any loss is charged to the Income Statement. When available-for-sale investments are sold, the total realised gains or losses, including those previously recognised through reserves, are included in the Income Statement.

Interest on term deposits is brought to account in the period in which it is earned.

e) Accounts Payable and Other Payables

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

f) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold 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.

Accounts receivable 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(e) for further discussion on the determination of impairment losses.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Comparative Figures

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

h) Critical Accounting Estimates and Judgments

The Committee evaluates estimates and judgments incorporated into the financial report 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 internally.

i) Key estimates – Impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number a key estimates.

No impairment has been recognised in respect of this financial year.

j) Income Taxation

The Association has self-assessed itself as a non-profit under subdivision 50B of the Income Tax Assessment Act 1997 and therefore believes it has an exemption from income tax. The Association has therefore not adopted tax effect accounting.

k) 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.

MENZIES INC
ABN 55 784 349 165

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Unspent Grant Funds

Unspent Grant Funds available as revenue or liable to be returned to the grant provider in the following year are recognised as a current liability in the balance sheet. They are not treated as an operating surplus or profit.

m) Property, Plant and Equipment

Buildings, Motor Vehicles, Office Furniture and Equipment and Plant and Equipment

Buildings, Motor Vehicles, Office Furniture and Equipment and Plant and Equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. All assets are depreciated over the estimated useful lives of the assets to the Association.

Minor assets that are used in the various homes and which may have been partly funded by Government grant or subsidy are regarded as expenses of operating the homes. These items have been included as expenses generally under the heading of repairs and maintenance. Significant building works or acquisitions are capitalized at historical cost unless otherwise stated.

Refurbishment and minor works are written off as expenses of operating the homes.

Land and Buildings were revalued at end of June 2015 by a qualified valuer. The Committee revalues land and buildings every three years.

Depreciation

The depreciable amount of Buildings (but not freehold land), Motor Vehicles, Office Furniture and Equipment and Plant and Equipment are depreciated on a written down value (WDV) or a straight line basis over their useful lives to the Association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Property, Plant and Equipment

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

Class of Asset	Depreciation Rate	Method
Furniture, Fittings & Equipment	7.55% to 37.5%	Straight Line and WDV
Motor Vehicles	18.75% to 22.5%	WDV
Buildings	2.5%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

MENZIES INC
ABN 55 784 349 165

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

	2016	2015
	\$	\$
NOTE 2 - REVENUE AND EXPENSE ITEMS		
Auditor's remuneration for		
Audit or review of financial statements	2,500	6,500
	2,500	6,500

NOTE 3 - CASH AND CASH EQUIVALENTS

Reconciliation of Cash and Cash Equivalents

Cash and Cash Equivalents at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on Hand	13	16
Cash at Bank	97,773	302,103
Term Deposits	2,588,439	2,114,065
	2,686,225	2,416,184

NOTE 4 - TRADE AND OTHER RECEIVABLES

Trade Debtors	1,326,198	14,877
Sundry Debtors	13,133	12,205
	1,339,331	27,082

Provision for impairment of receivables

Current trade debtors 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. These amounts (if any) have been included in other expense items. There is no Provision for Doubtful Debts at 30 June 2016. (2015: None)

NOTE 5 - FINANCIAL ASSETS

Shares in listed companies – Fair Value	432,838	514,459
	432,838	514,459

MENZIES INC
ABN 55 784 349 165

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

	2016	2015
	\$	\$
NOTE 6 - OTHER CURRENT ASSETS		
Prepayments	2,600	5,200
	<u>2,600</u>	<u>5,200</u>
NOTE 7 - PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings at Independent Valuation	1,400,000	2,823,500
Total Land & Buildings	<u>1,400,000</u>	<u>2,823,500</u>
Motor Vehicles	43,990	53,656
Less: Accumulated depreciation	(14,843)	(9,936)
Total Motor Vehicles	<u>29,147</u>	<u>43,720</u>
Furniture and Fittings and Equipment – at cost	1,940	-
Less: Accumulated depreciation	-	-
Total Furniture and Fittings & Equipment	<u>1,940</u>	<u>-</u>
Total Property, Plant and Equipment	<u>1,431,087</u>	<u>2,867,220</u>

MENZIES INC
ABN 55 784 349 165

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

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts:

Movement in the carrying amounts for each class of property, plant and equipment

	Land & Buildings at valuation	Motor Vehicles	Furniture and Fittings	Total
Carrying amount at 30th June 2014	4,395,000	141,130	113,452	4,649,582
2015				
Revaluation	-	-	-	-
Additions at cost	248,500	43,991	-	292,491
Disposals	(1,820,000)	(137,070)	(113,452)	(2,070,522)
Depreciation Expense	-	(4,331)	-	(4,331)
Carrying amount at 30th June 2015	2,823,500	43,720	-	2,867,220
2016				
Revaluation				-
Additions at cost	351,500	-	1,940	353,440
Disposals	(1,775,000)	-	-	(1,775,000)
Depreciation Expense		(14,573)	-	(14,573)
Carrying amount at 30th June 2016	1,400,000	29,147	1,940	1,431,087

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

	2016	2015
	\$	\$
NOTE 8 - TRADE AND OTHER CREDITORS		
Current		
Trade Creditors	7,157	13,661
Other Creditors	116,020	219,419
	<u>123,177</u>	<u>233,080</u>

NOTE 9 - GRANTS & INCOME IN ADVANCE

Prepaid Grants Income	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

NOTE 10 - CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

There have been no operating lease commitments during the year (2015: None).

NOTE 11 - CONTINGENT LIABILITIES & CONTINGENT ASSETS

No contingent Liabilities or Assets exist at 30 June 2016 (2015: None).

NOTE 12 - EVENTS AFTER THE REPORTING PERIOD DATE

There have been no material non-adjusting events after the reporting date, nor has any information been received about conditions at reporting date that have not been included in this report.

MENZIES INC
ABN 55 784 349 165

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

	2016	2015
	\$	\$
NOTE 13 - CASH FLOW INFORMATION		
Reconciliation of Cash Flows from Operations to surplus (deficit) for the year		
Net Profit /(Loss) after tax	653,096	1,563,222
Non-cash flows in profit after tax:		
Depreciation	14,573	-
In Kind Donations	(351,500)	-
(Gain) / Loss on the Disposal of Fixed Assets	-	(1,708,499)
(Decrease) in Provisions	-	(167,248)
Decrease in Trade and other receivables	78,521	7,970
Increase / (Decrease) in Trade and other payables	(109,903)	62,812
Net Cash flow from operating activity	<u>284,787</u>	<u>(241,743)</u>

NOTE 14 - RELATED PARTY TRANSACTIONS

During or since the end of the previous financial year, no Committee Member/Executive of the Entity has received or become entitled to receive a benefit.

NOTE 15 - ASSOCIATION DETAILS

The registered office of the association is:
408 Nepean Highway
Frankston Vic 3199

The principal place of business is at the registered office.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MENZIES INC
ABN 55 784 349 165**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Menzies Inc. (the Association), which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Profit or Loss and Other 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 Committee's Report.

Committee's Responsibility for the Financial Report

The Committee of the Association is responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial report, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MENZIES INC
ABN 55 784 349 165**

Auditor's Opinion

In our opinion the financial report of Menzies Inc. has been prepared in accordance with *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. Giving a true and fair view of Menzies Inc's financial position as at 30 June 2016 and its performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards to the extent described in Note 1 and the *Associations Incorporation Reform Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Committee's financial reporting responsibilities under the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Dated at Frankston on the 27th day of October 2016



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**DAVID A SZEPPALUSY
DIRECTOR**