

MENZIES INC
ABN 55 784 349 165

FINANCIAL REPORT
FOR THE YEAR ENDING
30 JUNE 2015

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 Incorporated for the financial year ended 30th June 2015.

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 2011
Mr Mike Tonroe Treasurer	CFO and Company Secretary, Circadian Technologies Ltd	Member since 2013
Mrs Anne Ridgway	Director Human Resources	Member since 2012

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 entity during the financial year has been the winding down of previous operations. The Committee are determined to continue supporting the local community by migrating the activities of the organization to a philanthropic organisation.

SIGNIFICANT CHANGES

The Committee has wound down the previous operations of the organization during the year. This year, the Committee is reassessing the needs of the local community and restructuring the business in line with a philanthropic organisation.

OPERATING RESULT

The profit for the year before the revaluation of assets amounted to \$1,563,222 (2014 Loss: \$228,065).

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. Presents a true and fair view of the financial position of Menzies Inc. as at 30 June 2015 and its performance for the year ended on that date.
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.



Committee Member



Committee Member

Date: 9th November 2015

MENZIES INC
ABN 55 784 349 165

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
REVENUE		
Government Grants and Services Income	9,911	3,227,129
Gain on the Disposal of Properties	1,708,499	125
Donations	24,028	24,233
Net Investment Income	39,415	36,164
Interest Received	32,299	23,952
Other Revenue	121,532	156,174
TOTAL REVENUE	1,935,684	3,467,777
EXPENDITURE		
Employee Benefit Expense	85,228	2,719,057
Depreciation and Amortisation	4,331	90,557
Finance Costs	-	10,320
Loss on the disposal of Investments	-	52,707
Agency Costs	400	76,564
Other expenses from ordinary activities	282,503	746,637
TOTAL EXPENDITURE	372,462	3,695,842
PROFIT / (LOSS) BEFORE INCOME TAX	1,563,222	(228,065)
Income Tax	-	-
PROFIT / (LOSS) AFTER INCOME TAX	1,563,222	(228,065)
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Fair Value (loss) / gain on revaluation of financial assets	(24,745)	69,656
Re-Allocation of reserve upon sale of properties	(1,469,925)	-
TOTAL COMPREHENSIVE INCOME / (LOSS)	68,552	(158,409)

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 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,416,184	749,928
Trade and Other Receivables	4	27,082	20,918
Financial Assets	5	514,459	526,367
Other Current Assets	6	5,200	19,334
TOTAL CURRENT ASSETS		<u>2,962,925</u>	<u>1,316,547</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	2,867,220	4,649,582
TOTAL NON-CURRENT ASSETS		<u>2,867,220</u>	<u>4,649,582</u>
TOTAL ASSETS		<u><u>5,830,145</u></u>	<u><u>5,966,129</u></u>
CURRENT LIABILITIES			
Trade and Other Creditors	8	233,080	204,131
Provisions	9	-	167,248
Grants and Income Received in Advance	10	60,000	60,000
TOTAL CURRENT LIABILITIES		<u>293,080</u>	<u>431,379</u>
NON-CURRENT LIABILITIES			
Financial Liabilities	8	-	66,237
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>66,237</u>
TOTAL LIABILITIES		<u><u>293,080</u></u>	<u><u>497,616</u></u>
NET ASSETS (LIABILITIES)		<u><u>5,537,065</u></u>	<u><u>5,468,513</u></u>
EQUITY			
Reserves – Revaluation of Freehold Property		1,690,741	3,160,666
Reserves – Financial Assets		85,207	109,952
Retained Earnings		3,761,117	2,197,895
TOTAL EQUITY		<u><u>5,537,065</u></u>	<u><u>5,468,513</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 2015

	2015	2014
	\$	\$
Retained Earnings		
Opening Balance	2,197,895	2,425,960
Net Income	1,563,222	(228,065)
Closing Balance	3,761,117	2,197,895
Reserves – Financial Assets		
Opening Balance	109,952	40,296
Profit / (loss) on revaluation of financial assets	(24,745)	69,656
Closing Balance	85,207	109,952
Reserves – Revaluation of Freehold Property		
Opening Balance	3,160,666	3,160,666
Re-Allocation of reserve upon sale of properties	(1,469,925)	-
Closing Balance	1,690,741	3,160,666
Total Equity	5,537,065	5,468,513

The accompanying notes form part of these financial statements

MENZIES INC
ABN 55 784 349 165

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from supporters and funding agencies	2,105,491	3,733,241
Investment Income	-	49,267
Payments to suppliers and employees	(2,347,234)	(3,959,127)
Net cash (used in) operating activities	(241,743)	(176,619)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Investments	(12,837)	(11,088)
Payments for Property, Plant & Equipment	(292,490)	(14,964)
Proceeds from Disposal of Property, Plant & Equipment	2,313,426	8,800
Net cash generated by (used in) investing activities	2,008,099	(17,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance Lease Payments	(100,100)	(35,677)
Net cash (used in) financing activities	(100,100)	(35,677)
Net Increase / (decrease) in cash held	1,666,256	(229,548)
Cash at the beginning of the financial year	749,928	979,476
Cash at the end of the financial year	2,416,184	749,928

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 30TH JUNE 2015

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 Incorporations Reform 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 Incorporations Reform Act 2012* and the following Australian Accounting Standards:

AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 136	Impairment of Assets
AASB 1031	Materiality

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.

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.

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

MENZIES INC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Policies

a) Revenue (Continued)

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

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 entity assesses impairment at each reporting date by evaluating conditions specific to the entity 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 entity 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 entity has therefore not adopted tax effect accounting.

k) Provisions

Provisions are recognised when the entity 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

m) 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.

n) 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 entity.

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 entity 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) 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.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the entity, are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortized on a straight-line basis over the life of the lease term.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
Auditor's remuneration for		
Audit or review of financial statements	7,000	9,855
	7,000	9,855
	7,000	9,855

NOTE 3 - CASH AND CASH EQUIVALENTS

Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Cash on Hand	16	754
Cash at Bank	42,447	73,103
Term Deposits	2,373,721	676,071
	2,416,184	749,928
	2,416,184	749,928

NOTE 4 - TRADE AND OTHER RECEIVABLES

Trade Debtors	14,877	9,562
Sundry Debtors	12,205	11,356
	27,082	20,918
	27,082	20,918

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 2015. (2014: None)

NOTE 5 - FINANCIAL ASSETS

Shares in listed companies – Fair Value	514,459	526,357
DRP Balance	-	10
	514,459	526,367
	514,459	526,367

MENZIES INC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
NOTE 6 - OTHER CURRENT ASSETS		
Prepayments	5,200	19,334
	5,200	19,334
NOTE 7 - PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings at Independent Valuation	2,823,500	4,395,000
Total Land & Buildings	2,823,500	4,395,000
Motor Vehicles	53,656	253,810
Less: Accumulated depreciation	(9,936)	(112,680)
Total Motor Vehicles	43,720	141,130
Furniture and Fittings and Equipment – at cost	-	763,119
Less: Accumulated depreciation	-	(649,667)
Total Furniture and Fittings & Equipment	-	113,452
Total Property, Plant and Equipment	2,867,220	4,649,582

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

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 2013	4,395,000	183,378	208,179	4,786,557
2014				
Additions at cost	-	-	14,964	14,964
Disposals	-	(8,701)	(52,681)	(61,382)
Depreciation Expense	-	(33,547)	(57,010)	(90,557)
Carrying amount at 30th June 2014	4,395,000	141,130	113,452	4,649,582
2015				
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

MENZIES INC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
NOTE 8 - TRADE AND OTHER CREDITORS		
Current		
Trade Creditors	13,661	27,656
Other Creditors	219,419	142,612
Finance Leases	-	33,863
	233,080	204,131
	233,080	204,131
Non Current		
Finance Leases	-	66,237
	-	66,237
	-	66,237
NOTE 9 - PROVISIONS		
Current		
Provision for Annual Leave	-	27,257
Provision for Redundancy	-	103,522
Provision for Long Service Leave	-	36,469
	-	167,248
	-	167,248
NOTE 10 - GRANTS & INCOME IN ADVANCE		
Prepaid Grants Income	60,000	60,000
	60,000	60,000
	60,000	60,000

MENZIES INC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$

NOTE 11 - CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

There have been no operating lease commitments during the year (2014: None).

NOTE 12 - CONTINGENT LIABILITIES & CONTINGENT ASSETS

No contingent Liabilities or Assets exist at 30 June 2015 (2014: None).

NOTE 13 - 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.

NOTE 14 - CASH FLOW INFORMATION

Reconciliation of cash flow from operations to surplus (deficit) for the year

Net Profit /(Loss) after tax	1,563,222	(228,065)
Non-cash flows in profit after tax:		
Depreciation	-	90,557
(Gain) / Loss on the Disposal of Fixed Assets	(1,708,499)	52,582
(Decrease) in Provisions	(167,248)	(31,666)
Decrease in Trade and other receivables	7,970	1,763
Increase / (Decrease) in Trade and other payables	62,812	(51,874)
(Decrease) in Grants and Income in Advance	-	(9,916)
Net Cash flow from operating activity	(241,743)	(176,619)

NOTE 15 - ECONOMIC DEPENDENCE

In 2014, the entity was economically dependent on State Government departments for grant funding. If funds were not spent in accordance with grant conditions, the departments can suspend future grants or reclaim all or part of the grant(s). Due to the change of business model, the entity is no longer dependent on these grants.

MENZIES INC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 16 - 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 17 - 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.



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

Certified Practising Accountant

Authorised Audit Company

Liability limited by a scheme approved under Professional Standards Legislation

ABN: 89 154 680 190

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 2015 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 Statement by Members of the Committee.

Committee's Responsibility for the Financial Report

The Committee of the Association is responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the *Associations Incorporation Reform 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 presents fairly, in all material respects, the financial position of Menzies Inc. as at 30 June 2015 and (of) its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the *Associations Incorporation Reform Act 2012*.

Basis of Accounting and Restriction on Distribution

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 to assist Menzies Inc. to meet the requirements of the *Associations Incorporation Reform Act 2012*. As a result, the financial report may not be suitable for another purpose.

Dated at Frankston on the 10th day of November 2015

A handwritten signature in blue ink that reads "Shepard Webster & O'Neill Audit Pty Ltd".

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

A large, stylized handwritten signature in blue ink, appearing to be "D A Szepfalusy".

**DAVID A SZEPFALUSY
DIRECTOR**