

**MENZIES INC**  
**ABN 55 784 349 165**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDING**  
**30 JUNE 2018**

**MENZIES INC**  
**ABN 55 784 349 165**

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**COMMITTEE'S REPORT**

Your Committee of Management (Committee) present this report of Menzies Inc. (Menzies) for the financial year ended 30 June 2018.

**COMMITTEE MEMBERS**

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

<u><b>Name</b></u>	<u><b>Title</b></u>	<u><b>Member</b></u>
Mr Greg Lacey	Principal, Lyndhurst Primary School	Member since 2008
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, Opthea Ltd	Member since 2013
Mrs Jacinta Larkins	Former CEO Menzies	Member since 2015
Kim Jackson	Executive Manager Village Baxter	Member since 2017

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

**COMMITTEE'S REPORT (CONTINUED)**

**PRINCIPAL ACTIVITIES**

The principal activity of Menzies 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 loss before the revaluation of assets for the year amounted to \$321,391 (2017: loss for the year before the revaluation of assets: \$324,001).

**COMMITTEE'S STATEMENT**

The Committee have determined that Menzies 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. Gives a true and fair view of the financial position and performance of Menzies as at 30 June 2018 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 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 17th day of October 2018

## 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 2018, 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 17<sup>th</sup> of October 2018



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

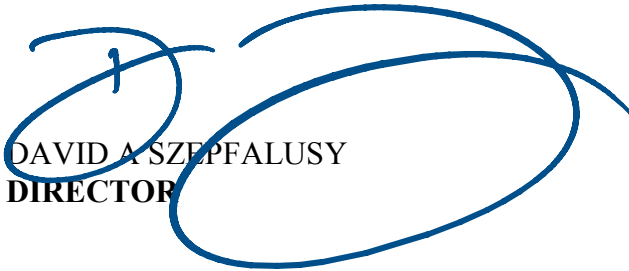
Certified Practising Accountant

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DAVID A SZEPPFALUSY  
DIRECTOR

**MENZIES INC**  
**ABN 55 784 349 165**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018	2017
		\$	\$
<b>REVENUE</b>			
Donations		4,609	8,861
Net investment income		44,590	38,933
Interest received		74,451	95,829
Other revenue		53,863	76,852
<b>TOTAL REVENUE</b>		177,513	220,475
<b>EXPENDITURE</b>			
Depreciation and amortisation		6,477	9,716
Project funding expenses		296,789	214,565
Other expenses from ordinary activities		195,638	320,195
<b>TOTAL EXPENDITURE</b>		498,904	544,476
<b>(LOSS) / PROFIT BEFORE INCOME TAX</b>		(321,391)	(324,001)
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Fair value gain / (loss) on revaluation of financial assets		33,169	83,276
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME</b>		(288,222)	(240,725)

The accompanying notes form part of these financial statements

**MENZIES INC**  
**ABN 55 784 349 165**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,290,909	3,579,625
Trade and other receivables	4	25,055	14,891
Financial assets	5	571,823	527,059
Assets classified as held for sale	6	1,400,000	-
<b>TOTAL CURRENT ASSETS</b>		<b>5,287,787</b>	<b>4,121,575</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	14,894	1,421,371
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,894</b>	<b>1,421,371</b>
<b>TOTAL ASSETS</b>		<b>5,302,681</b>	<b>5,542,946</b>
<b>CURRENT LIABILITIES</b>			
Trade and other creditors	8	62,724	14,767
Grants and income received in advance	9	60,000	60,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>122,724</b>	<b>74,767</b>
<b>TOTAL LIABILITIES</b>		<b>122,724</b>	<b>74,767</b>
<b>NET ASSETS</b>		<b>5,179,957</b>	<b>5,468,179</b>
<b>EQUITY</b>			
Reserves – Revaluation of freehold property		1,303,911	1,303,911
Reserves – Financial assets		107,225	74,056
Retained earnings		3,768,821	4,090,212
<b>TOTAL EQUITY</b>		<b>5,179,957</b>	<b>5,468,179</b>

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 2018**

	Note	2018 \$	2017 \$
<b>EQUITY</b>			
<b>Retained earnings</b>			
Opening balance		4,090,212	4,414,213
Net (loss) / income		<u>(321,391)</u>	<u>(324,001)</u>
Closing balance		<u>3,768,821</u>	<u>4,090,212</u>
<b>Reserves – Revaluation of freehold property</b>			
Opening balance		1,303,911	1,303,911
Re-allocation of reserve upon sale of properties		<u>-</u>	<u>-</u>
Closing balance		<u>1,303,911</u>	<u>1,303,911</u>
<b>Reserves – Financial assets</b>			
Opening balance		74,056	(9,220)
Profit / (loss) on revaluation of financial assets		<u>33,169</u>	<u>83,276</u>
Closing balance		<u>107,225</u>	<u>74,056</u>
<b>TOTAL EQUITY</b>		<u><u>5,179,957</u></u>	<u><u>5,468,179</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 2018**

	Note	2018 \$	2017 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from supporters and funding agencies		183,487	238,760
Payments to suppliers		(163,819)	(446,048)
Payments for project funding expenses		<u>(296,789)</u>	<u>(214,565)</u>
<b>Net cash used in operating activities</b>	<b>13</b>	<u>(277,121)</u>	<u>(421,853)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for investments		(11,595)	(10,945)
Proceeds from disposal of property, plant & equipment		<u>-</u>	<u>1,326,198</u>
<b>Net cash (used in) / generated by investing activities</b>		<u>(11,595)</u>	<u>1,315,253</u>
Net (decrease) / increase in cash held		(288,716)	893,400
Cash at the beginning of the financial year		<u>3,579,625</u>	<u>2,686,225</u>
<b>Cash at the end of the financial year</b>		<u><u>3,290,909</u></u>	<u><u>3,579,625</u></u>

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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 Menzies 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 1048 Interpretation of Standards; and  
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 significant 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 Menzies obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to Menzies 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***a) Revenue (Continued)***

When grant revenue is received whereby Menzies 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.

Menzies 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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, available-for-sale investments 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 available-for-sale investments 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 Menzies 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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***

Menzies assesses impairment at each reporting date by evaluating conditions specific to it 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***

Menzies 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. Menzies has therefore not adopted tax effect accounting.

***k) Provisions***

Provisions are recognised when Menzies 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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 Menzies.

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 Menzies 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*m) Property, plant and equipment (continued)*

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

<b>Class of Asset</b>	<b>Depreciation Rate</b>	<b>Method</b>
Furniture, fittings & equipment	7.55% to 37.5%	Straight line and WDV
Motor vehicles	33.33%	WDV

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 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 2 - REVENUE AND EXPENSE ITEMS</b>		
<b>Auditor's remuneration for</b>		
Audit or review of financial statements	3,600	3,200
	<u>3,600</u>	<u>3,200</u>

**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	13
Cash at bank	66,252	128,877
Term deposits	3,224,644	3,450,735
	<u>3,290,909</u>	<u>3,579,625</u>

**NOTE 4 - TRADE AND OTHER RECEIVABLES**

Trade debtors	-	3,210
Sundry debtors	25,055	11,681
	<u>25,055</u>	<u>14,891</u>

**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 2018 (2017: None).



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 5 - FINANCIAL ASSETS</b>		
Shares in listed companies – fair value	571,823	527,059
	<u>571,823</u>	<u>527,059</u>
Movements made up of:		
<b>Opening Balance</b>	527,059	432,838
Purchases	11,595	10,945
Unrealised gain / (loss)	33,169	83,276
<b>Closing Balance</b>	<u>571,823</u>	<u>527,059</u>

**NOTE 6: ASSETS CLASSIFIED AS HELD FOR SALE**

Property "7 Roy Court Mount Eliza, Vic 3930"	1,000,000	-
Property "24 McMurtry Way Frankston, Vic 3199"	400,000	-
	<u>1,400,000</u>	<u>-</u>

In the current year, the carrying value of the former "out of home" care properties was re-classified as "held for sale" and stated at the lower of carrying amount and fair value less costs to sell. Menzies re-classified these assets as "held for sale" on the basis that the carrying amount would be recovered principally through a sale transaction rather than through continuing use. Up to the point of re-classifying this asset, the premises had been used as part of Menzies operations. The anticipated sale date is within 12 months of year end, and on this basis, the asset "held for sale" has been classified as current.

**NOTE 7 - PROPERTY, PLANT AND EQUIPMENT**

Land & buildings at independent valuation	-	1,400,000
<b>Total land &amp; buildings</b>	<u>-</u>	<u>1,400,000</u>
Motor vehicles	43,990	43,990
Less: accumulated depreciation	(31,036)	(24,559)
<b>Total motor vehicles</b>	<u>12,954</u>	<u>19,431</u>
Furniture and fittings and equipment – at cost	1,940	1,940
Less: accumulated depreciation	-	-
<b>Total furniture and fittings and equipment</b>	<u>1,940</u>	<u>1,940</u>
<b>Total property, plant and equipment</b>	<u>14,894</u>	<u>1,421,371</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Movements in carrying amounts:**

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

	<b>Land &amp; Buildings at valuation</b>	<b>Motor Vehicles</b>	<b>Furniture and Fittings</b>	<b>Total</b>
<b>Carrying amount at 30th June 2016</b>	<b>1,400,000</b>	<b>29,147</b>	<b>1,940</b>	<b>1,431,087</b>
<b>2017</b>				
Revaluation	-	-	-	-
Additions at cost	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	(9,716)	-	(9,716)
<b>Carrying amount at 30<sup>th</sup> June 2017</b>	<b>1,400,000</b>	<b>19,431</b>	<b>1,940</b>	<b>1,421,371</b>
<b>2018</b>				
Revaluation	-	-	-	-
Additions at cost	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	(6,477)	-	(6,477)
Reclass of assets classified as held for sale	(1,400,000)	-	-	(1,400,000)
<b>Carrying amount at 30<sup>th</sup> June 2018</b>	<b>-</b>	<b>12,954</b>	<b>1,940</b>	<b>14,894</b>

**MENZIES INC**  
**ABN 55 784 349 165**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8 - TRADE AND OTHER CREDITORS</b>		
<b>Current</b>		
Trade creditors	-	24,346
Other creditors (net)	62,724	(9,579)
	<u>62,724</u>	<u>14,767</u>

**NOTE 9 - GRANTS AND INCOME IN RECEIVED 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 (2017: None).

**NOTE 11 - CONTINGENT LIABILITIES & CONTINGENT ASSETS**

No contingent liabilities or assets exist at 30 June 2018 (2017: None).

**NOTE 12 - EVENTS AFTER THE REPORTING PERIOD DATE**

On 7 July 2018, Menzies entered into a Contract of Sale with a third party for the sale of the "7 Roy Court Mount Eliza, Vic 3930" premises for cash consideration of \$1,515,000 including GST. Settlement occurred on 10 September 2018.

On 18 August 2018, Menzies entered into a Contract of Sale with a third party for the sale of the "24 McMurtry Way Frankston, Vic 3199" premises for cash consideration of \$600,000 including GST. Anticipated settlement is expected on 16 November 2018.

There have been no additional significant non-adjusting events after the reporting date, nor has any information been received about conditions at the 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 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 13 - CASH FLOW INFORMATION</b>		
<b>Reconciliation of cash flows from operations to (loss) / income for the year</b>		
Net loss after tax	(321,391)	(324,001)
Non-cash flows in net loss after tax:		
Depreciation	6,477	9,716
(Increase) / Decrease in trade and other receivables	(10,164)	842
Increase / (Decrease) in trade and other payables	47,957	(108,410)
<b>Net cash used in operating activities</b>	<u>(277,121)</u>	<u>(421,853)</u>

**NOTE 14 - RELATED PARTY TRANSACTIONS**

During or since the end of the previous financial year, no Committee member of Menzies has received or become entitled to receive a benefit.

**NOTE 15 - ASSOCIATION DETAILS**

The registered office is:

C/- Taylor and Splatt

Unit 14/10 Lakewood Blvd

CARRUM DOWNS VIC 3201

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 Audit of the Financial Report**

**Opinion**

We have audited the financial report Menzies Inc. (Menzies), which comprises the Statement of Financial Position as at 30 June 2018, 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.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of Menzies Inc. as at 30 June 2018 and of its financial performance 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* and Division 60 of 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 Menzies 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.

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Menzies to meet the requirements of *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. Our opinion is not modified in respect of this matter.

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

**Information Other than the Financial Report and Auditor's Report Thereon**

The Committee of Menzies is responsible for the other information. The other information comprises the information included in Menzies's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Committee for the Financial Report**

The Committee of Menzies is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Committee determines 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 is responsible for assessing Menzies'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 Menzies or to cease operations, or have no realistic alternative but to do so.

The Committee of Menzies is responsible for overseeing Menzies's financial reporting process.

**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.

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

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 Menzies'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 Menzies's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Menzies to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

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

Dated at Frankston on the 17<sup>th</sup> of October 2018



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

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