

SCOA Australia Incorporated

ABN 20 315 946 727

Financial Statements

For the Year Ended 30 June 2014

SCOA Australia Incorporated

ABN 20 315 946 727

For the Year Ended 30 June 2014

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SCOA Australia Incorporated

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Committee Members' Report

For the Year Ended 30 June 2014

Your committee members submit the financial statements of the association for the financial year ended 30 June 2014.

1. General information

Committee Members

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

Annette Barbetti	President
Ewan Hazell	Vice-President
Tom Dent	Treasurer
Anne Willenborg	Secretary
Merv Hazell	Committee member
Peter Hocking	Committee member, appointed: November 2013
Alan Rafferty	Committee member, appointed: November 2013
<u>Former committee members</u>	
Ingrid Mboya-Bish	Resigned: September 2013
James Vandenberg	Resigned: November 2013

Principal Activities

The principal activities of the association during the financial year were to represent superannuated Commonwealth Officers members from State or Territory branches that have ceased operations in their own State or Territory and to co-ordinate activities for the benefit of the members.

Significant Changes


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

The association was incorporated on 5 February 2013. Accordingly, the prior period is for 5 months being 5 February 2013 to 30 June 2013.

2. Operating Results

The profit (loss) of the association for the financial year after providing for income tax amounted to \$ (15,289) (2013: \$ 43,089).

Signed in accordance with a resolution of the members of the committee:

Committee member: 
Annette Barbetti

Committee member: 
Anne Willenborg

Dated: 4 September 2014

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Statement by Members of the Committee

In the opinion of the committee the financial statements as set out on pages 3 to 21:

1. Presents a true and fair view of the financial position of SCOA Australia Incorporated as at 30 June 2014 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that SCOA Australia Incorporated 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:

Committee member: .....
Annette Barbetti

Committee member: .....
Anne Willenborg

Dated: 4 September 2014

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

		2014	2013
	Note	\$	\$
Revenue	6	46,437	53,555
Other expenses		(61,409)	(10,466)
Profit (loss) before income tax		(14,972)	43,089
Income tax expense	7	(317)	-
Profit (loss) for the year		(15,289)	43,089
Total comprehensive income for the year		(15,289)	43,089

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	48,182	43,089
Other assets	3	20,824	-
TOTAL CURRENT ASSETS		69,006	43,089
TOTAL ASSETS		69,006	43,089
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4	40,889	-
Current tax liabilities	5	317	-
TOTAL CURRENT LIABILITIES		41,206	-
TOTAL LIABILITIES		41,206	-
NET ASSETS		27,800	43,089
EQUITY			
Retained earnings		27,800	43,089
TOTAL EQUITY		27,800	43,089

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

	Retained Earnings	Total
Note	\$	\$
Balance at 1 July 2013	43,089	43,089
Loss attributable to members of the entity	(15,289)	(15,289)
Balance at 30 June 2014	27,800	27,800

2013

	Retained Earnings	Total
Note	\$	\$
Balance at 1 July 2012	-	-
Profit attributable to members of the entity	43,089	43,089
Balance at 30 June 2013	43,089	43,089

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2014

	2014	2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	86,072	53,344
Payments to suppliers and employees	(82,233)	(10,466)
Interest received	1,254	211
Net cash provided by (used in) operating activities	8(b) 5,093	43,089
Net increase (decrease) in cash held	5,093	43,089
Cash and cash equivalents at beginning of financial year	43,089	-
Cash and cash equivalents at end of financial year	8(a) 48,182	43,089

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

The financial statements cover SCOA Australia Incorporated as an individual entity. SCOA Australia Incorporated is an association incorporated in the Australian Capital Territory under the *Associations Incorporation Act 1991 (ACT)*.

The financial statements were authorised for issue on 4 September 2014 by the committee members.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Associations Incorporation Act 1991 (ACT)* 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) 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.

(c) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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 are recognised as revenue when received. Interest revenue is recognised using the effective interest rate method.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(c) Revenue and Other Income (continued)

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year. As the membership year is a calendar year, membership income received for the period 1 July to 31 December is allocated to the deferred income liability account as unearned income.

(d) Goods and Services Tax (GST)

The association is not registered for GST and accordingly GST is recognised as part of the cost of acquisition of assets or as part of the expense items.

(e) Income Tax

The principle of mutuality provides for the association's liability for income tax to relate only to net revenue from non-members, interest and other income, less any deductions that can be claimed under the *Income Tax Assessment Act 1997*.

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which the committee expect to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(e) Income Tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions to the instrument. For financial assets, this is 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 fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

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1 Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

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.

(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 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 asset is derecognised.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

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.

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.

(g) 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.

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Notes to the Financial Statements

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1 Summary of Significant Accounting Policies (continued)

(g) Fair Value of Assets and Liabilities (continued)

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.

(h) 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 preceding comparative period, in addition to the minimum comparative financial statements, must be disclosed.

The association was incorporated on 5 February 2013. Accordingly, the prior period is for 5 months being 5 February 2013 to 30 June 2013.

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1 Summary of Significant Accounting Policies (continued)

(i) Critical Accounting Estimates and Judgments

The committee members evaluate estimates and judgments 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.

(j) 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 AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009) AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transitional Disclosures AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments	30 June 2018	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.
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.	The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(j) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	30 June 2015	This standard amends AASB 136 to require additional disclosures about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique.	There are no changes to reported financial position or performance from AASB 2013-3, however additional disclosures may be required.
AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments AASB 2014-1 Amendments to Australian Accounting Standards	30 June 2015	This standard withdraws the substantive content in AASB 1031 and provides signpost references to materiality in other Australian Accounting Standards. AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose.	There is not expected to be any changes to the reported financial position, performance or cash flows of the entity.

2 Cash and Cash Equivalents

	Note	2014 \$	2013 \$
CURRENT			
Cash at bank		48,182	43,089
	8, 10	<u>48,182</u>	<u>43,089</u>

3 Other assets

	Note	2014 \$	2013 \$
CURRENT			
Prepayments		20,824	-
		<u>20,824</u>	<u>-</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2014

4 Trade and Other Payables

	Note	2014 \$	2013 \$
CURRENT			
Unsecured liabilities			
Deferred income		40,889	-
		<u>40,889</u>	<u>-</u>
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
- total current		40,889	-
		<u>40,889</u>	<u>-</u>
Less:			
Deferred income		(40,889)	-
Financial liabilities as trade and other payables	10	<u>-</u>	<u>-</u>

5 Tax

	Note	2014 \$	2013 \$
CURRENT			
Income tax payable		-	-
		317	-
Current tax liabilities		<u>317</u>	<u>-</u>

6 Revenue and Other Income

	Note	2014 \$	2013 \$
Revenue			
- member subscriptions		36,887	1,028
- donations		5,918	52,164
- interest received		1,254	211
- sundry revenue		2,378	152
Total Revenue		<u>46,437</u>	<u>53,555</u>

During the year donated funds were received from the South Australian State branch as part of their winding up process.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

7 Income Tax Expense

(a) The major components of tax expense comprise:

	2014	2013
Note	\$	\$
Current tax expense		
Current tax	317	-
Total income tax expense	317	-

(b) Reconciliation of income tax to accounting profit:

	2014	2013
Note	\$	\$
Prima facie tax payable on loss before income tax at 30% (2013: 30%)	(4,492)	12,927
Less:		
Tax effect of:		
- non-taxable member income (expense) arising from principle of mutuality	(4,809)	12,927
Income tax expense	317	-

8 Cash Flow Information

(a) Reconciliation of cash

	2014	2013
Note	\$	\$
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	2 48,182	43,089
	48,182	43,089

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Notes to the Financial Statements

For the Year Ended 30 June 2014

8 Cash Flow Information (continued)

(b) Reconciliation of Cash Flow from Operations with Profit (Loss) after Income Tax

	Note	2014 \$	2013 \$
Profit (loss) for the year		(15,289)	43,089
Changes in assets and liabilities			
- (Increase)/decrease in prepayments		(20,824)	-
- Increase/(decrease) in deferred income		40,889	-
- Increase/(decrease) in income taxes payable		317	-
Cash flow from operations		<u>5,093</u>	<u>43,089</u>

(c) Credit Standby Arrangements with Banks

The association has no credit standby or financing facilities in place.

(d) Non-cash Financing and Investing Activities

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

9 Auditors' Remuneration

	Note	2014 \$	2013 \$
Remuneration of the auditor of the association for:			
- auditing or reviewing the financial statements		715	-

10 Financial Risk Management

The association's financial instruments consist mainly of deposits with banks.

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	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	2	<u>48,182</u>	<u>43,089</u>
Total Financial Assets		<u>48,182</u>	<u>43,089</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2014

10 Financial Risk Management (continued)

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's 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.

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.

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

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Notes to the Financial Statements

For the Year Ended 30 June 2014

10 Financial Risk Management (continued)

	Note	2014 \$	2013 \$
Cash and cash equivalents			
- AA Rated	2	48,182	43,089
		<u>48,182</u>	<u>43,089</u>

(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.

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 Contractual Cash Flow	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets - cash flows realisable								
Cash and cash equivalents	48,182	43,089	-	-	-	-	48,182	43,089
Total anticipated inflows	<u>48,182</u>	<u>43,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,182</u>	<u>43,089</u>
Net (outflow)/inflow on financial instruments	<u>48,182</u>	<u>43,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,182</u>	<u>43,089</u>

(c) Market risk

Interest rate risk

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Notes to the Financial Statements

For the Year Ended 30 June 2014

10 Financial Risk Management (continued)

(c) Market risk (continued)

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.

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 management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year Ended 30 June 2014		
+/- 2% in interest rates	860	860
Year Ended 30 June 2013		
+/- 2% in interest rates	660	660

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 judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment 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.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2014

10 Financial Risk Management (continued)

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 and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to deferred income which are not considered to be financial instruments.

11 Capital Management

The committee members control the capital of the association to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised within tolerable risk parameters. The committee members ensure that the overall risk management strategy is in line with this objective.

The association's capital consists of financial liabilities, supported by financial assets.

The committee members effectively manage the association's capital by assessing the association's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by the committee members to control the capital of the association since the previous year.

The gearing ratio for the years ended 30 June 2014 and 30 June 2013 are as follows:

		2014	2013
	Note	\$	\$
Borrowings		-	-
Less Cash and cash equivalents	2	(48,182)	(43,089)
Net debt		(48,182)	(43,089)
Equity		27,800	43,089
Total capital		(20,382)	-
Gearing ratio		- %	- %

12 Association Details

The principal place of business of the association is:

SCOA Australia Incorporated
Building 3, Pearce Community Centre
Collect Place
Pearce ACT 2607

Independent Auditor's Report

To the members of SCOA Australia Incorporated

Report on the Financial Report

We have audited the accompanying financial report of SCOA Australia Incorporated, which comprises the statement of financial position as at 30 June 2014, 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 Members' Responsibility for the Financial Report

The committee members are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1991 (ACT)*, and for such internal control as the committee members determine is necessary to enable the preparation of the 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 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 about 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 judgement, 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 of the financial report that gives a true and fair view 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 members, 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 SCOA Australia Incorporated

Opinion

In our opinion, the financial report gives a true and fair view of, the financial position of SCOA Australia Incorporated as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1991 (ACT)*.

Hardwickes
Chartered Accountants

Hardwickes

R Johnson

Robert Johnson FCA
Partner

Canberra

Dated: 4 September 2014