

12 September 2016

Ms Annette Barbetti
President
SCOA Australia Incorporated
PO Box 107
MAWSON ACT 2607

Dear Ms Barbetti

We have now completed the Audit of the financial report of the SCOA Australia Incorporated for the year ended 30 June 2016. Enclosed are two bound and three unbound copies of the financial report. When the accounts have been signed, please return to Hardwickses the copy marked "Hardwickses".

Our audit has been performed to obtain reasonable assurance whether the financial report is free of material misstatements. Absolute assurance is not possible due to the inherent limitations of an audit and of internal controls, resulting in the unavoidable risk that some material misstatements may not be detected. We are responsible for forming and expressing an opinion on the financial report that has been prepared by management with the oversight of those charged with governance. Our audit of the financial report does not relieve management or those charged with governance of their financial reporting responsibilities.

In planning our audit, we considered internal controls over financial reporting to determine the nature, extent and timing of audit procedures. However, a financial report audit does not provide assurance on the effective operation of internal controls. If in the course of our audit, certain deficiencies in internal control come to our attention, these will be reported during the audit process.

Audit Issues

During the audit the following point was noted:

- 1) The audit journals made to the accounts were:
 - a. Reallocate book sale income- \$15
 - b. Depreciation expense for the year - \$2,375
 - c. Income tax expense for the year - \$431
 - d. Reallocate the Victorian donated income to the donation account - \$45,348



The profit before the audit journals was \$3,214. The net amount of the audit journal adjustments affecting the profit value was \$42,557. The net profit after income tax is \$45,771.

I would like to take this opportunity to thank the committee members for their assistance during this year's Audit.

Yours sincerely

Hardwicks

Chartered Accountants

A handwritten signature in black ink, appearing to read 'R. Johnson', with a stylized flourish at the end.

Robert Johnson
Partner

20 July 2016

The Committee Members
SCOA Australia Incorporated
PO Box 107
MAWSON ACT 2607

Dear Committee Members

Objective and Scope of the Audit

You have requested that we audit the financial report of SCOA Australia Incorporated which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial report.

Responsibilities of the Auditor

We will conduct our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal control relevant to the entity's preparation 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.



Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that the committee members acknowledge and understand that they have responsibility:

- (a) For the preparation of the financial report that gives a true and fair view in accordance with the *Associations Incorporation Act 1991* (ACT) and Australian Accounting Standards;
- (b) 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; and
- (c) To provide us with:
 - (i) Access to all information of which the committee members and management are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - (ii) Additional information that we may request from the committee members and management for the purpose of the audit; and
 - (iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from the committee members written confirmation concerning representations made to us in connection with the audit.

We look forward to co-operation with your staff during our audit.

Fees

We charge by reference to the time we spend on your matter. Fees for the work carried out by the team will be as follows:

Position	Hourly Rate range (inc GST)
Partners	\$308 - \$391
Managers	\$242 - \$275
Seniors	\$209 - \$220
Intermediates	\$165 - \$171
Graduates	\$154 - \$160

If there are companies within the client structure and Hardwicks provides corporate secretarial services, a yearly annual review facilitation fee of \$286.00 inc GST is charged per company. Any additional corporate secretarial services will be charged on a time cost basis as listed above.

These rates may change from time to time. The new rates will apply from the date of the change. The actual fees and rates charged by us reflect the seniority, expertise and experience of the persons involved, as well as factors such as the time frame in which this work is to be carried out, the particular nature, complexity and risks of the matter. Our invoices may be generated as a single invoice on completion of our services or as an interim invoice as determined by time or milestones.

Our payment terms have changed, payment is required within 14 days from the date of invoice.

Reporting

The opinion expressed by the auditor is on whether the financial report is prepared, in all material respects, in accordance with the applicable financial reporting framework and any applicable law or regulation. The form and content of our report may need to be amended in the light of our audit findings.

Other Matters

Independence

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements in relation to the audit of the financial report. In conducting our audit of the financial report, should we become aware that we have contravened the independence requirements, we shall notify you on a timely basis.

Presentation of Audited Financial Report on the Internet

If the association intends to electronically present the audited financial report and auditor's report on its internet web site, then the following will apply. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the association to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the association's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the association's web site is that of the committee members of the association.

Confidentiality

We will not disclose any information relating to your affairs to any third party without your consent, unless required by law. You may provide us with permission to disclose your confidential information in certain circumstances, or place conditions on the disclosure of certain confidential information. If you do so, we will have permission to disclose the relevant information accordingly, in the performance of our services, unless you instruct us otherwise in writing.

We wish to draw your attention to our firm's system of quality control which has been established and maintained in accordance with the relevant APESB standard. As a result, our files may be subject to review as part of the quality control review program of Chartered Accountants Australia and New Zealand which monitors compliance with professional standards by its members. We advise you that by accepting our engagement you acknowledge that, if requested, our files relating to this engagement will be made available under this program. Should this occur, we will advise you.

Trust account

We maintain a separate trust bank account for dealing with money received in advance from clients or on behalf of clients. We may apply these funds in payment of our invoice/s in accordance with your written authorisation.

Limitation of Liability

Our liability may be limited by a scheme approved under Professional Standards Legislation. Further information on schemes is available from the Professional Standards Councils website: <http://www.psc.gov.au>

Ownership of documents

All original documents obtained from you arising from this engagement will remain your property. However, we reserve the right to make a reasonable number of copies of the original documents for our records. Our engagement will result in the production of the relevant output documents as listed in the scope paragraphs. Ownership of these documents will vest in you. All other documents produced by us in respect of this engagement will remain our property.

Acceptance of engagement terms

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial report including our respective responsibilities.

Yours sincerely
Hardwicks



Robert Johnson
Partner

Acknowledged and agreed on behalf of SCOA Australia Incorporated by:

Signed: 

Name: Anne Willenborg

Title: Committee Secretary

Date: 20 July 2016

SCOA Australia Incorporated

ABN 20 315 946 727

Financial Statements

For the Year Ended 30 June 2016

SCOA Australia Incorporated

ABN 20 315 946 727

Contents

For the Year Ended 30 June 2016

	Page
Financial Statements	
Committee Member's Report	1
Statement by Members of the Committee	2
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Independent Auditor's Report	23

SCOA Australia Incorporated

ABN 20 315 946 727

Committee Member's Report

For the Year Ended 30 June 2016

The committee members submit the financial report of the association for the financial year ended 30 June 2016.

1. General information

Committee members

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

Annette Barbetti	President
Tom Dent	Treasurer
Anne Willenborg	Secretary
Peter Hocking	Committee member
Alan Raftery	Committee member
George Szykarski	Committee member
<u>Former Committee members</u>	
Ewan Hazell	Committee member
Merv Hazell	Committee member

Principal activities

The principal activities of the association during the financial year were to represent members and co-ordinate the activities of branches on issues having national or interstate implications for superannuated Commonwealth Officers.

Significant changes

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

2. Operating results

The profit (loss) of the association for the financial year after providing for income tax amounted to \$ 45,771 (2015: \$ 2,163).

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

President:  _____
Annette Barbetti

Treasurer:  _____
Tom Dent

Dated: 12 September 2016

SCOA Australia Incorporated

ABN 20 315 946 727


Statement by Members of the Committee

In the opinion of the committee the financial report as set out on pages 3 to 22:

1. Presents a true and fair view of the financial position of SCOA Australia Incorporated as at 30 June 2016 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:

President: 
Annette Barbetti

Treasurer: 
Tom Dent

Dated: 12 September 2016

SCOA Australia Incorporated

ABN 20 315 946 727

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2016

		2016	2015
	Note	\$	\$
Revenue	7	137,239	93,439
Other expenses		(88,662)	(90,455)
Depreciation expense		(2,375)	(454)
Profit (loss) before income tax		46,202	2,530
Income tax expense	8	(431)	(367)
Profit (loss) for the year		45,771	2,163
Total comprehensive income for the year		45,771	2,163

The accompanying notes form part of these financial statements.

SCOA Australia Incorporated

ABN 20 315 946 727

Statement of Financial Position

As At 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	105,544	41,182
Other assets	3	25,520	22,628
TOTAL CURRENT ASSETS		131,064	63,810
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,921	4,296
TOTAL NON-CURRENT ASSETS		1,921	4,296
TOTAL ASSETS		132,985	68,106
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	56,820	37,459
Current tax liabilities	6	431	684
TOTAL CURRENT LIABILITIES		57,251	38,143
TOTAL LIABILITIES		57,251	38,143
NET ASSETS		75,734	29,963
EQUITY			
Retained earnings		75,734	29,963
TOTAL EQUITY		75,734	29,963

The accompanying notes form part of these financial statements.

SCOA Australia Incorporated

ABN 20 315 946 727

Statement of Changes in Equity For the Year Ended 30 June 2016

2016

	Retained Earnings	Total
Note	\$	\$
Balance at 1 July 2015	29,963	29,963
Profit attributable to members of the parent entity	45,771	45,771
Balance at 30 June 2016	75,734	75,734

2015

	Retained Earnings	Total
Note	\$	\$
Balance at 1 July 2014	27,800	27,800
Profit attributable to members of the parent entity	2,163	2,163
Balance at 30 June 2015	29,963	29,963

The accompanying notes form part of these financial statements.

SCOA Australia Incorporated

ABN 20 315 946 727

Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		155,923	88,897
Payments to suppliers and employees		(91,554)	(92,259)
Interest received		677	1,112
Income taxes paid		(684)	-
Net cash provided by (used in) operating activities	10	64,362	(2,250)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(4,750)
Net cash provided by (used in) investing activities		-	(4,750)
Net increase/(decrease) in cash held		64,362	(7,000)
Cash and cash equivalents at beginning of year		41,182	48,182
Cash and cash equivalents at end of financial year	2	105,544	41,182

The accompanying notes form part of these financial statements.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

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

The functional and presentation currency of SCOA Australia Incorporated is Australian dollars.

The financial report was authorised for issue by the committee members on 12 September 2016.

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) Trade and other receivables

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

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

(d) Property, plant and equipment

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

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

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

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

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

Depreciation

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

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

Fixed asset class	Depreciation rate
Plant and equipment	50%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

(e) Impairment of assets

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

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

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

(f) Trade and other payables

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

(g) 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.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(g) Revenue and other income (continued)

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.

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.

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

(h) 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.

(i) 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 (revenue) 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 members expect to recover or settle the carrying amount of the related asset or liability.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(i) Income Tax (continued)

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.

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 setoff 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.

(j) 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

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.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Initial recognition and measurement (continued)

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a 'loss event'), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Initial recognition and measurement (continued)

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.

(k) Fair value of assets and liabilities

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

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

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

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

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(k) Fair value of assets and liabilities (continued)

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.

(l) Comparative figures

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

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

(m) Critical accounting estimates and judgements

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

Key estimates - Impairment

The association assesses impairment at the end of each reporting period by evaluating conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(n) 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:

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(n) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010 7 / AASB 2012 6 / AASB 2013 9 / AASB 2014 1 / AASB 2014 7 / AASB 2014 8	30 June 2019	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.	The available for sale investments held will be classified as fair value through OCI and will no longer be subject to impairment testing. Other impacts on the reported financial position and performance have not yet been determined.
AASB 15 Revenue from contracts with customers and amending standards AASB 2014 5 / AASB 2015 8 / AASB 2016 3	30 June 2019	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple element arrangements.	The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements For the Year Ended 30 June 2016

2 Cash and Cash Equivalents

	2016	2015
Note	\$	\$
CURRENT		
Cash at bank	105,544	41,182
10, 11	105,544	41,182

3 Other Assets

	2016	2015
Note	\$	\$
CURRENT		
Prepayments	25,520	22,628
	25,520	22,628

4 Property, plant and equipment

	2016	2015
Note	\$	\$
Plant and equipment		
At cost	4,750	4,750
Accumulated depreciation	(2,829)	(454)
Total property, plant and equipment	1,921	4,296

(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment \$	Total \$
Year ended 30 June 2016		
Balance at the beginning of year	4,296	4,296
Depreciation expense	(2,375)	(2,375)
Balance at the end of the year	1,921	1,921
Year ended 30 June 2015		
Balance at the beginning of year	-	-
Additions	4,750	4,750
Depreciation expense	(454)	(454)
Balance at the end of the year	4,296	4,296

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements For the Year Ended 30 June 2016

5 Trade and Other Payables

	Note	2016 \$	2015 \$
CURRENT			
Unsecured liabilities			
Deferred income		56,820	37,459
		<u>56,820</u>	<u>37,459</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2016 \$	2015 \$
Trade and other payables:			
- total current		56,820	37,459
Less:			
- deferred income		(56,820)	(37,459)
Financial liabilities as trade and other payables		<u>-</u>	<u>-</u>

All amounts are short-term and the carrying values are considered to be a reasonable approximation of fair value.

6 Tax liabilities

	Note	2016 \$	2015 \$
CURRENT			
Income tax payable		431	684
Current tax liabilities		<u>431</u>	<u>684</u>

7 Revenue and Other Income

	Note	2016 \$	2015 \$
Revenue			
- member subscriptions		81,796	87,215
- donations		47,094	1,703
- interest received		677	1,112
- sundry income		7,672	3,409
Total Revenue		<u>137,239</u>	<u>93,439</u>

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

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

8 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2016	2015
Note	\$	\$
Current tax expense		
Current tax	431	367
Total income tax expense	431	367

(b) Reconciliation of income tax to accounting profit:

	2016	2015
Note	\$	\$
Prima facie tax payable on profit before income tax at 30% (2015: 30%)	13,861	759
Less:		
Tax effect of:		
- non-taxable member income arising from principle of mutuality	13,430	392
Income tax expense	431	367

9 Auditors' Remuneration

	2016	2015
Note	\$	\$
Remuneration of the auditor of the association for:		
- auditing or reviewing the financial statements	2,090	1,870

10 Cash Flow Information

(a) Reconciliation of cash

	2016	2015
Note	\$	\$
Cash at the end of the financial year as shown in the is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	2 105,544	41,182
	105,544	41,182

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

10 Cash Flow Information (continued)

(b) Reconciliation of result for the year to cash flows from operating activities

Reconciliation of profit (loss) to net cash provided by (used in) operating activities:

	Note	2016 \$	2015 \$
Profit (loss) for the year		45,771	2,163
Non-cash flows in profit (loss):			
- depreciation		2,375	454
Changes in assets and liabilities:			
- (increase)/decrease in prepayments		(2,892)	(1,804)
- increase/(decrease) in deferred income		19,361	(3,430)
- increase/(decrease) in income taxes payable		(253)	367
Cash flow from operations		<u>64,362</u>	<u>(2,250)</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.

11 Financial Risk Management

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

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

	Note	2016 \$	2015 \$
Financial Assets			
Cash and cash equivalents	2	<u>105,544</u>	<u>41,182</u>
Total financial assets		<u>105,544</u>	<u>41,182</u>

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.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

11 Financial Risk Management (continued)

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.

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.

	Note	2016 \$	2015 \$
Cash and cash equivalents			
- AA Rated	2	105,544	41,182

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;

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

11 Financial Risk Management (continued)

Liquidity risk (continued)

- 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 reflects 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.

The table below reflects the maturity analysis for financial assets.

	Within 1 Year		1 to 5 Years		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Financial assets - cash flows realisable						
Cash and cash equivalents	105,544	41,182	-	-	105,544	41,182
Total	105,544	41,182	-	-	105,544	41,182

Market risk

(i) Interest rate risk

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

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

Sensitivity Analysis

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

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

11 Financial Risk Management (continued)

	2016 +/-2.00% in interest rates \$	2015 +/-2.00% in interest rates \$
Net results	2,000	780
Equity	2,000	780

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

(ii) Fair values

Fair value estimation

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

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

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

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

12 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 in the strategy adopted by the committee members to control the capital of the association since the previous year.

SCOA Australia Incorporated

ABN 20 315 946 727

Notes to the Financial Statements

For the Year Ended 30 June 2016

12 Capital Management (continued)

The gearing ratios for the year ended 30 June 2016 and 30 June 2015 are as follows:

		2016	2015
	Note	\$	\$
Total borrowings		-	-
Less Cash and cash equivalents	2	(105,544)	(41,182)
Net debt		(105,544)	(41,182)
Equity		75,734	29,963
Total capital		(29,810)	(11,219)
Gearing ratio		- %	- %

13 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 2016, 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 gives a true and fair view and 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 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and *Associations Incorporation Act 1991 (ACT)*.

Hardwicks
Chartered Accountants

Hardwicks
R Johnson

Robert Johnson FCA
Partner

Canberra

Dated: 12 September 2016