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<b>MERRICREEK MANAGEMENT COMMITTEE INC</b>

21 November 2014

Ms L MacMillan  
Merri Creek Management Committee Inc.  
2 Lee Street  
EAST BRUNSWICK VIC 3057

Dear Luisa

Please find enclosed the auditor's report and financial statements for the year ended 30 September 2014.

We note that the Bill Quick system implementation appears to have gone well overall, though there are still some reporting deficiencies to be improved upon which we have brought to Tony Faithfull's attention.

We also note that the small surplus for the year is an improvement on the significant losses of the previous two years. However, the Retained Funds are minimal to cover a future unforeseen loss and the Committee should look to put in place a policy to boost these Retained Funds, whether from budgeting profits or receiving additional reserve funds from the member Councils.

Failing this, to ensure the entity can operate on a going concern basis it may be necessary in the event of a future loss to obtain letters of support from the member Councils to avoid a qualified audit report.

Please ensure the Annual Statement by Public Officer is forwarded to the Office of Fair Trading within 30 days of the Annual General Meeting. **Could you please forward a copy to me for my records.**

We trust that our comments are helpful and request that you ensure that the discussions and actions are duly minuted at the relevant meeting.

Once again I thank you and your staff for their co-operation in assisting with the completion of the audit and wish you well for the year ahead.

Yours faithfully

**FRED GERARDSON**  
Chartered Accountant  
Registered Company Auditor

PARTNERS  
FRED GERARDSON B.Ec CA  
GREG CARPENTER B.Bus FCPA  
PAUL WHITE B.Comm CA

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**MERRI CREEK MANAGEMENT COMMITTEE INC.**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER, 2014**

**MERRI CREEK MANAGEMENT COMMITTEE INC.**

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FOR THE YEAR ENDED 30 SEPTEMBER, 2014**

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COLVILLE WILLIAMS & CO. PTY LTD

INDEPENDENT AUDITOR'S REPORT

A C C O U N T A N T S

A U D I T O R S

A D V I S E R S

TO THE MEMBERS OF

**MERRI CREEK MANAGEMENT COMMITTEE INC.**

**FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

### Scope

We have audited the accompanying financial report, being a special purpose financial report, of Merri Creek Management Committee Inc, which comprises the Statement of Financial Position as at 30 September, 2014, the Statement of Comprehensive Income for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the officers' assertion statement.

### Officers' Responsibility for the Financial Report

The officers of Merri Creek Management Committee Inc. are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Associations Incorporation Reform Act 2012 and is appropriate to meet the needs of the members. The officers' responsibility also includes such internal control as the officers determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 officers, as well as evaluating the overall presentation of the financial report.

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

PARTNERS  
**FRED GERARDSON** B.Ec C A  
**GREG CARPENTER** B.Bus FCPA  
**PAUL WHITE** B.Comm C A

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**MERRI CREEK MANAGEMENT COMMITTEE INC.**  
**FOR THE YEAR ENDED 30TH SEPTEMBER, 2014 (cont'd)**

**Qualification**

Nil.

**Audit Opinion**

In our opinion, subject to the qualification noted above, the financial report presents fairly, in all material respects, the financial position of Merri Creek Management Committee Inc. as at 30 September 2014, and its financial performance and its cash flows for the year then ended in accordance with the reporting requirements of the Associations Incorporation Reform Act 2012.

**Basis of Accounting and Restriction on Distribution**

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Merri Creek Management Committee Inc. to meet the requirements of the Associations Incorporation Reform Act 2012. As a result, the financial report may not be suitable for another purpose.

Dated at Lower Plenty:                      21 November, 2014



**FRED GERARDSON**  
Chartered Accountant  
Registered Company Auditor  
Partner  
Colville Williams & Co. Pty Ltd  
99 Main Road  
Lower Plenty VIC 3093

MERRI CREEK MANAGEMENT COMMITTEE INC.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER, 2014

	NOTE	2014	2013
<b>EQUITY:</b>			
Retained Funds - Start		30,567	87,482
Transfer to/from Environment Fund Reserve	5	(7,455)	(2,194)
Add Surplus / (Deficit)		18,981	(54,721)
		<u>42,093</u>	<u>30,567</u>
Environment Fund Reserve	5	<u>39,007</u>	<u>31,552</u>
Retained Funds - End		<u>81,100</u>	<u>62,119</u>
<b>Represented By:</b>			
<b>CURRENT ASSETS:</b>			
Cash at Bank	2	595,101	401,746
Bonds		780	780
Sundry Debtors & Prepayments		<u>132,010</u>	<u>111,199</u>
		<u>728,491</u>	<u>513,721</u>
<b>FIXED ASSETS:</b>			
Computer Equipment - @ Cost	1(b)	23,263	25,615
Less Prov'n for Depreciation		(19,918)	(20,110)
Plant & Equipment - @ Cost		22,238	22,238
Less Prov'n for Depreciation		(21,390)	(19,695)
Buildings		20,231	20,231
Less Prov'n for Depreciation		(20,231)	(19,125)
Vehicles - @ Cost		153,844	191,095
Less Prov'n for Depreciation		(79,590)	(82,648)
		<u>78,447</u>	<u>117,601</u>
Total Assets:		<u>806,938</u>	<u>631,322</u>
<b>Less:</b>			
<b>CURRENT LIABILITIES:</b>			
Advanced Receipts		437,153	247,512
Trade & Sundry Creditors		108,756	104,701
Provisions for Leave	1(c)	179,929	216,990
Total Liabilities:		<u>725,838</u>	<u>569,203</u>
NET ASSETS:		<u>81,100</u>	<u>62,119</u>

MERRI CREEK MANAGEMENT COMMITTEE INC.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER, 2014

	NOTE	2014	2013
<b>INCOME:</b>			
Grants	1(e)		
Municipalities		598,684	556,127
Other Government		127,929	135,440
Non Government	4	15,942	162,750
Contracts		538,335	476,304
Interest Received		10,873	17,626
Profit on Sale of Fixed Assets		2,195	-
Sale of Publications		435	884
Environment Fund Donations		7,165	1,828
Sundry Income		3,098	5,034
<b>Total Income:</b>		<b>1,304,656</b>	<b>1,355,993</b>
<b>LESS EXPENDITURE:</b>			
Wages & Salaries		1,027,046	1,082,076
Salaries Oncosts	1(c)	124,017	131,328
Materials & Plant Hire		46,523	51,629
Vehicle Running		22,742	20,771
Admin, Project & General Provisions		85,604	79,370
Depreciation	1(b)	16,804	19,132
Annual & Long Service Leave	1(c)	(37,061)	26,408
<b>Total Expenditure:</b>		<b>1,285,675</b>	<b>1,410,714</b>
<b>NET SURPLUS / (DEFICIT):</b>		<b>18,981</b>	<b>(54,721)</b>

**MERRI CREEK MANAGEMENT COMMITTEE INC.**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER, 2014**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

This special purpose financial report has been prepared for distribution to the members to fulfil the Committee of Management's financial reporting requirements under the entity's constitution and the Associations Incorporation Reform Act 2012. The accounting policies are consistent with those provided in previous years unless otherwise stated and are, in the opinion of the Committee of Management, appropriate to meet the needs of members.

**(a) Basis of Accounting**

The Statement of Financial Position and Statement of Comprehensive Income have been prepared on an accruals basis under the convention of historical cost accounting.

**(b) Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

**Minor Assets:**

Assets with a purchase price under \$2,000 are expensed in the year of purchase.

**Computers:**

Depreciated 40% of purchase price in first year followed by straight line to Nil over the next three years.

**Motor Vehicles:**

Depreciated straight line over their useful life to the entity (usually 5 years) after allowing for the estimated residual value at the end of that useful life.

This statement is to be read in conjunction with the attached auditor's report.



**MERRI CREEK MANAGEMENT COMMITTEE INC.**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER, 2014 (cont'd)**

NOTE 1 - Significant Accounting Policies (cont'd)

(c) Employee Entitlements

Employee entitlements are accrued on a pro rata basis for annual leave and long service leave in respect of services provided by employees up to the reporting date. Such accruals are assessed as at each reporting date, having regard to current awards, rates of pay and other factors including employee departures and their periods of service.

The superannuation for the reporting period is made up of the statutory contribution the Committee makes in accordance with local government regulations to the superannuation plan which provides benefits to its employees.

(d) Investments

Investments are valued at cost. Interest revenues are recognised as they accrue.

(e) Grants, donations and other contributions

Grants, donations and other contributions are recognised as cash in hand when the Committee obtains control over the assets comprising the contributions and as income in the period in which the related expenditure is to take place.

Control over granted receipts is normally obtained upon their receipt or upon notification that a grant has been secured.

Unrealised contributions over which the Committee has control are recognised as receivables.

Contributions received in advance and which are to be wholly or partly expended in the following period are accrued as advanced receipts.

This statement is to be read in conjunction with the attached auditor's report.

MERRI CREEK MANAGEMENT COMMITTEE INC.

NOTES TO THE FINANCIAL REPORT (cont'd)

	<u>2014</u>	<u>2013</u>
<b>NOTE 2 - STATEMENT OF CASH FLOWS</b>		
<b>Cash Flows from Operating Activities</b>		
Receipts	1,470,687	1,373,777
Payments	(1,301,877)	(1,400,313)
Net cash from operating activities	<u>168,810</u>	<u>(26,536)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of vehicles and eqpt	24,545	-
Payments for vehicles and equipment	-	4,595
Net cash from investing activities	<u>24,545</u>	<u>(4,595)</u>
Net Increase / (Decrease) in Cash Held	193,355	(31,131)
Cash at beginning of the financial year	401,746	432,877
<b>Cash at the end of the financial year</b>	<u><b>595,101</b></u>	<u><b>401,746</b></u>

**Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at banks and investments in money market institutions. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Operating Accounts	193,458	165,706
Environment Fund Account	38,413	31,552
Term Deposit - Bendigo Bank	167,149	95,130
Cheque Account - Bendigo Bank	562	406
Long Service Leave Account	195,519	108,952
	<u>595,101</u>	<u>401,746</u>

MERRI CREEK MANAGEMENT COMMITTEE INC.

NOTES TO THE FINANCIAL REPORT (cont'd)

	<u>2014</u>	<u>2013</u>
<b>Reconciliation of Net Cash Used in Operating Activities to Operating Result</b>		
Operating Result	18,981	(54,721)
Add back		
Provisions for Depreciation	16,804	19,132
Provisions for Doubtful Debts	-	-
Provisions for Leave	(37,061)	26,408
Increase in Advanced Receipts	189,641	14,983
Increase in Trade Creditors	4,055	(35,139)
Less		
Increase in Trade Debtors	(21,415)	2,801
Gains on sale of vehicles and eqpt	(2,195)	-
Net cash from operating activities	<u>168,810</u>	<u>(26,536)</u>

NOTE 3 - AUDITOR'S REMUNERATION

Audit Fees	6,000	6,700
Other Services	1,100	700
	<u>7,100</u>	<u>7,400</u>

NOTE 4 - GRANTS - NON GOVERNMENT

GVEHO	-	-
Other	15,942	162,750
	<u>15,942</u>	<u>162,750</u>

NOTE 5 - ENVIRONMENT FUND RESERVE

Opening Balance	31552	29358
Add Transfer from Retained Earnings	0	0
Add Interest Received	290	366
Add Donations Received	7165	1828
	<u>7455</u>	<u>2194</u>
Less Transfer to Retained Earnings	0	0
Less Project Expenditure	0	0
	<u>0</u>	<u>0</u>
Closing Balance	<u>39007</u>	<u>31552</u>