

**THE ISLAMIC SCHOOLS OF VICTORIA  
(WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**



THE ISLAMIC SCHOOLS OF VICTORIA  
(WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

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**THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE**

**COMMITTEE REPORT**

The Committee presents this report on the school for the financial year ended 31 December 2012.

**COMMITTEE MEMBERS**

The following persons held office as committee members during the year or since the end of the year:

Omar Hallak  
HussamHallak

Roshan Ali  
JekaZemri

Mohammed Muyeen

**RESULTS FROM ORDINARY ACTIVITIES**

The result for The Islamic Schools of Victoria (Werribee College) Inc. trading as Al-Taqwa College for the financial year was a gain of \$258,101 (2011: \$1,812,938).

**PRINCIPAL ACTIVITIES**

The principal activity of The Islamic Schools of Victoria (Werribee College) Inc. during the course of the year was the provision of educational services.

**SHORT TERM AND LONG TERM OBJECTIVES OF THE SCHOOL**

**Vision**

Al-Taqwa College will provide education opportunities to students in a caring, safe and healthy learning environment, which promotes quality education, and Islamic values and beliefs. Students are nurtured to be lifelong learners and encouraged to be proud Australian Muslim citizens of tomorrow.

**Mission**

Al-Taqwa College aims to produce good reflective self-directed learners who have problem-solving skills and critical thinking abilities. It aims to be a place where the individuality of each person is recognized, and where that recognition is reflected in the College's curriculum diversity and flexibility, diverse teaching strategies and student centred processes. The College aims to create a school environment that instils in students love and obedience to Allah (S.W.T.) in accordance with the sayings and deeds of the Prophet Muhammad (S.A.W) and enables them to benefit from the teachings of the Holy Al-Quran and the Sunnah of the Prophet Mohammad (May peace be upon him).

**School Values**

Al- Taqwa College supports and promotes the principals and practices of Australian democracy including a commitment to:

- Elected government
- The rule of the law
- Equal rights for all before the law
- Freedom of religion
- Freedom of speech and association
- The values of openness and tolerance

**THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE**

**COMMITTEE REPORT**

**SHORT TERM AND LONG TERM OBJECTIVES OF THE SCHOOL (CONT'D)**

The Prophet Mohammad said "He who doesn't care about the youngest and doesn't respect the oldest doesn't belong to the Muslim community." It is this sense of caring and respect that underpins our school values. In doing so it adheres to the provision of:

- Quality learning - providing a high quality and inclusive education
- Honesty - being true to ones self and true to others
- Respect - showing care and concern for other people and property
- Trust - Instilling confidence that each person doing their part -trust in our teachers, trust in our programs
- Tolerance - understanding and celebrating diversity and individual differences
- Caring - encouraging the development of empathy

**Fundamental Principles**

- The richness of the Islamic tradition, values and teachings will guide the direction and operation of the college within the Australian context and law.
- In accordance with the Islamic concept of justice - every individual in the school will be treated fairly with no distinction of colour, race, religion or gender.
- We will respect and protect the rights of students - to be heard and to express themselves, to the protection of their physical well-being and their dignity, and most importantly, their right to quality education that will prepare them for the future.
- Young people are active learners and will be encouraged to strive to do their best to achieve their full potential.
- We will deliver quality education grounded on Islamic principles and values, which will be affordable and accessible to any families who share and believe in these same values and principles.
- We will ensure the holistic development of students by delivering a well-balanced, experientially rich and diverse curriculum that respects learners as individuals. At the same time cultivating their appreciation and sense of responsibility as a part of the larger community in line with the Islamic concept of the Ummah.
- We will promote and implement the restorative approach to student's wellbeing and management.

**Objectives**

Stemming from the school's commitment in achieving excellence within an inclusive educational framework that is grounded on Islamic values and teachings, the college will:

- Create a school environment that instils in students the love and obedience to Allah (S.W.T) in accordance with the teachings of the Holy Al-Quran and the sayings and deeds of the Prophet Muhammad (S.A.W) the Sunnah.
- Provide quality and a holistic education that will develop students' talents and capabilities to their full potential whilst meeting the aspirations and needs of the college's Islamic community. This holistic education will ensure an all round development of students physically, mentally, socially and spiritually, guided by Islamic principles and teachings, and cultivating an understanding and appreciation of our Islamic cultural heritage.
- Produce graduates who are proud of their identity as Australian Muslims while retaining respect and appreciation of the Aboriginal cultural traditions and the diversity of Australian ethnic cultural groups.
- Develop students who are competent, adaptable and resilient life-long learners with an appreciation of the nature and place of work in our society, opportunities to develop good work practices, and a respect for the rights of others in the work place.

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

COMMITTEE REPORT (CONT'D)

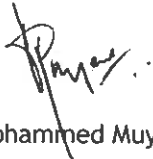
PERFORMANCE MEASUREMENT

The school will measure both objectives through the School's Committee review of operations and the school's performance in terms of student attendance, results of VCE and NAPLAN examinations, support from parents and support from both the community and Australian governments. The schools council members meet on a regular basis as part of this review process and a report is prepared which is available on the school's website showing the school's performance in a year.

This statement is made in accordance with a resolution of the Committee and is signed for on behalf of the Committee by:



Omar Hallak



Mohammed Muyeen

17May2013  
Melbourne

**THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012**

|  | Note | 2012<br>\$          | 2011<br>\$          |
|--|------|---------------------|---------------------|
| Revenue  | 3    | 18,514,583          | 17,641,467          |
| Salaries and employee benefits expense         |      | (11,380,973)        | (9,486,581)         |
| Property expenses                              |      | (1,223,725)         | (1,302,630)         |
| Student and teaching expenses                  |      | (1,316,302)         | (1,578,499)         |
| Bus expenses                                   |      | (648,865)           | (595,330)           |
| Insurance expenses                             |      | (334,067)           | (234,334)           |
| Depreciation and amortisation                  |      | (1,013,375)         | (961,334)           |
| Borrowing costs                                |      | (519,459)           | (318,711)           |
| Bad and doubtful debts                         |      | (7,249)             | (4,703)             |
| Donation to Islamic Trust Fund                 |      | (162,815)           | (39,733)            |
| Other donations                                |      | (1,447)             | (10,948)            |
| Other expenses                                 |      | (1,648,205)         | (1,295,726)         |
|  |      | <u>(18,256,482)</u> | <u>(15,828,529)</u> |
| <b>Operating gain before income tax</b>        |      | 258,101             | 1,812,938           |
| Income tax expense                             | 1(c) | -                   | -                   |
| <b>Operating gain after income tax</b>         |      | 258,101             | 1,812,938           |
| <b>Other comprehensive income:</b>             |      |                     |                     |
| Other comprehensive income                     |      | -                   | -                   |
| <b>Total comprehensive income for the year</b> |      | <u>258,101</u>      | <u>1,812,938</u>    |

The accompanying notes form part of these financial statements.

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2012

|                                      | Note | 2012<br>\$        | 2011<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                |      |                   |                   |
| Cash and cash equivalents            | 5    | 1,619,444         | 162,036           |
| Trade and other receivables          | 6    | 470,533           | 731,609           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <u>2,089,977</u>  | <u>893,645</u>    |
| <b>NON-CURRENT ASSETS</b>            |      |                   |                   |
| Property, plant and equipment        | 7    | 16,186,691        | 14,133,999        |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <u>16,186,691</u> | <u>14,133,999</u> |
| <b>TOTAL ASSETS</b>                  |      | <u>18,276,668</u> | <u>15,027,644</u> |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |
| Trade and other payables             | 8    | 2,690,584         | 2,810,067         |
| Interest-bearing liabilities         | 9    | 6,027,366         | 703,928           |
| Provisions                           | 10   | 707,853           | 576,495           |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <u>9,425,803</u>  | <u>4,090,490</u>  |
| <b>NON-CURRENT LIABILITIES</b>       |      |                   |                   |
| Interest-bearing liabilities         | 9    | 226,007           | 2,644,993         |
| Provisions                           | 10   | 332,423           | 257,827           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <u>558,430</u>    | <u>2,902,820</u>  |
| <b>TOTAL LIABILITIES</b>             |      | <u>9,984,233</u>  | <u>6,993,310</u>  |
| <b>NET ASSETS</b>                    |      | <u>8,292,435</u>  | <u>8,034,334</u>  |
| <b>MEMBERS FUNDS</b>                 |      |                   |                   |
| Accumulated funds                    |      | <u>8,292,435</u>  | <u>8,034,334</u>  |
| <b>TOTAL MEMBERS FUNDS</b>           |      | <u>8,292,435</u>  | <u>8,034,334</u>  |

The accompanying notes form part of these financial statements.

**THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

|                                    | Accumulated<br>Funds<br>\$ |
|------------------------------------|----------------------------|
| <b>Balance at 1 January 2011</b>   | 6,221,396                  |
| Gain for the year after income tax | 1,812,938                  |
| Other comprehensive income         | -                          |
| <b>Balance at 31 December 2011</b> | <u>8,034,334</u>           |
| Gain for the year after income tax | 258,101                    |
| Other comprehensive income         | -                          |
| <b>Balance at 31 December 2012</b> | <u><u>8,292,435</u></u>    |

The accompanying notes form part of these financial statements.



THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012

|   | Note  | 2012<br>\$         | 2011<br>\$         |
|---|-------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |       |                    |                    |
| Receipt of school fees, levies and other income     |       | 3,215,634          | 3,522,901          |
| Grants received                                     |       | 15,026,871         | 14,466,559         |
| Interest received                                   |       | 10,862             | 16,219             |
| Payments to suppliers and employees                 |       | (16,398,736)       | (15,123,740)       |
| Interest paid                                       |       | (519,459)          | (318,711)          |
| Net cash provided by operating activities           | 11(b) | <u>1,335,172</u>   | <u>2,563,228</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |       |                    |                    |
| Proceeds from sale of property, plant and equipment |       | 11,728             | 3,909              |
| Payments for property, plant and equipment          |       | (2,844,290)        | (1,561,090)        |
| Net cash used in investing activities               |       | <u>(2,832,562)</u> | <u>(1,557,181)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |       |                    |                    |
| Repayment of secured loans                          |       | -                  | (495,327)          |
| Repayment of loans - Islamic Trust Fund             |       | (3,586)            | (700,000)          |
| Advances - Islamic Trust Fund                       |       | -                  | (372,490)          |
| Repayment of advances - Islamic Trust Fund          |       | 372,490            | -                  |
| Proceeds from loans - Macquarie                     |       | 211,900            | 189,977            |
| Repayment of loans - Macquarie                      |       | (189,977)          | -                  |
| Repayment of hire purchase contracts                |       | (25,664)           | (8,100)            |
| Repayment of secured borrowings                     |       | (3,158,944)        | -                  |
| Proceeds from secured borrowings                    |       | 5,748,579          | -                  |
| Net cash used in financing activities               |       | <u>2,954,798</u>   | <u>(1,385,940)</u> |
| Net (Decrease)/Increase in cash held                |       | <u>1,457,408</u>   | <u>(379,893)</u>   |
| Cash at beginning of year                           |       | 162,036            | 541,929            |
| Cash at end of year                                 | 11(a) | <u>1,619,444</u>   | <u>162,036</u>     |

The accompanying notes form part of these financial statements.

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers The Islamic Schools of Victoria (Werribee College) Inc., domiciled at Sayers Road, Truganina, Victoria, as an individual entity. The Islamic Schools of Victoria (Werribee College) Inc. is an association incorporated in Victoria under the Associations Incorporation Reform Act (Vic) 2012. The financial report is presented in Australian dollars.

The financial report was authorised for issue by the Members of the Committee on the date of signing the Declaration by Members of the Committee.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Associations Incorporation Reform Act (Vic) 2012.

*Compliance with Australian Accounting Standards - Reduced Disclosures Requirements*  
The financial statements of The Islamic Schools of Victoria (Werribee College) Inc. comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

*Early Adoption of Standards*

No pronouncements have been early adopted by the Association during the reporting period.

*Historical Cost Convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

*Critical Accounting Estimates and Judgements*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are depreciation and further details are disclosed within the summary of accounting policies.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Going Concern

At the reporting date, the Committee notes a working capital deficiency of \$7,335,826.

Notwithstanding the above, the Committee have prepared the financial report on a going concern basis and are satisfied this is appropriate for the following reasons:

- Included in current liabilities are loans payable to the Islamic Trust Fund amounting to \$1,547,259 which the fund has undertaken not to require repayment, unless at the time of the request the College has the ability to meet the repayment without having a negative impact on its ability to continue as a going concern;
- Included in current liabilities are bank bills of \$3,627,147 and a progress draw facility of \$2,121,432. The bills are on 30 day rolling terms and have historically been renewed at each rollover date, whilst the progress draw facility is in respect of the new administration building and the bank has indicated it will negotiate the facility once the building is completed. The Committee confirms that at the date of approving the financial report there have been no breaches of the conditions of the loans; and
- The Committee has prepared a forecast of cash flows for a period of twelve months from the date of approval of the financial report and believe they have sufficient funds to meet the obligations to creditors as they fall due.

For the reasons stated above the financial report has been prepared on the going concern basis which assumes the realisation of assets and the discharging of liabilities in the normal course of business and at the amounts stated in the financial report.

(c) Income Tax

The association does not provide for income tax as it is exempt from income tax pursuant to the Income Tax Assessment Act 1997.

(d) Revenue

Revenue from government grants is recognised when the grant is received or when the right to receive the grant has been established and the amount of revenue can be measured reliably. Grants received that relate to periods beyond balance date are treated as grants received in advance and appear as current liabilities in the statement of financial position.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Goods and Services Tax (GST) (Cont'd)

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

(f) 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.

(g) Receivables

Trade accounts receivable are generally settled within 30 days and are carried at amounts due. An allowance is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

(h) Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**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 stated at amortised cost using the effective interest rate method.

**Financial Liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(i) Plant and Equipment

Each class of plant and equipment is carried at costless, where applicable, any accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by the association to ensure it is not in excess of depreciated replacement cost. The carrying amount of assets is immediately written down to its estimated depreciated replacement cost if its carrying value exceeds this.

**Depreciation**

The depreciable amount of all items of plant and equipment is depreciated either on a straight-line (SL) or diminishing value (DV) basis over their estimated useful lives to the association commencing from the time the asset is held ready for use.

**THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Plant and Equipment (Cont'd)**

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

|                        | Method | Rate       |
|------------------------|--------|------------|
| Leasehold Buildings    | SL     | 4%         |
| Plant and Equipment    | DV     | 7.5% - 30% |
| Motor Vehicles         | DV     | 22.5%      |
| Furniture and Fittings | DV     | 30%        |
| Library                | SL     | 5%         |

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

**(j) Impairment of Assets**

At each reporting date, the association reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's depreciated replacement cost, fair value less costs to sell and value-in-use, as applicable, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

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.

**(k) Accounts Payable**

Trade accounts payable, including accruals not yet billed, are recognised when the association becomes obliged to make future payments as a result of a purchase of goods or services. Trade accounts payable are generally settled within 30 days.

**(l) Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the association to employee nominated defined contribution superannuation funds and are charged as expenses when incurred.

**(m) Comparative Figures**

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

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

2. FINANCE FACILITIES

Financing Arrangement

At balance date the school had access to an overdraft facility of \$500,000 (2011: \$200,000), approved bank loan facilities of \$3,400,000 of which \$2,121,432 was utilised, and a commercial bill facility of \$3.1m, fully utilised.

|  | 2012<br>\$        | 2011<br>\$        |
|--|-------------------|-------------------|
| <b>3. REVENUE</b>  |                   |                   |
| Government grants - Operating                            | 14,584,477        | 14,083,047        |
| - Capital  | 442,394           | -                 |
| - Conveyance allowance - bus                             | 162,815           | 39,773            |
| School fees and levies                                   | 2,716,007         | 2,536,070         |
| Donations - Building Fund                                | 90,340            | 500,000           |
| Bus fees   | 210,280           | 214,224           |
| Building levies  | 140,003           | 121,028           |
| Proceeds of insurance claims                             | 26,951            | 99,657            |
| Sundry income  | 122,454           | 30,577            |
| Interest income  | 10,862            | 16,219            |
| Gain on disposal of property plant and equipment         | 8,000             | 872               |
|  | <u>18,514,583</u> | <u>17,641,467</u> |
| <b>4. EXPENSES</b>                                       |                   |                   |
| Audit fees   | 20,000            | 19,300            |
| Auditors other services                                  | 3,600             | 3,400             |
|  | <u>23,600</u>     | <u>22,700</u>     |
| Superannuation contributions - Defined Contribution Plan | 997,387           | 881,588           |
| Operating lease expense - Land                           | 444,216           | 414,490           |
| - Other rental expenses                                  | 187,319           | 75,117            |

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

|  | 2012<br>\$        | 2011<br>\$        |
|--|-------------------|-------------------|
| <b>5. CASH AND CASH EQUIVALENTS</b>        |                   |                   |
| Cash on hand                               | 5,026             | 369               |
| Deposits at call                           | -                 | 17,766            |
| Cash at bank                               | 1,614,418         | 143,901           |
|  | <u>1,619,444</u>  | <u>162,036</u>    |
| <b>6. TRADE AND OTHER RECEIVABLES</b>      |                   |                   |
| <b>Current</b>                             |                   |                   |
| Trade debtors                              | 251,056           | 160,655           |
| Less: Allowance for doubtful debts         | (113,278)         | (106,029)         |
|  | <u>137,778</u>    | <u>54,626</u>     |
| Sundry debtors - Islamic Trust Fund        | -                 | 372,490           |
| Sundry debtors - Other                     | -                 | 111,192           |
| Prepayments                                | 332,755           | 193,301           |
|  | <u>470,533</u>    | <u>731,609</u>    |
| <b>7. PROPERTY, PLANT AND EQUIPMENT</b>    |                   |                   |
| <b>Leasehold Buildings - at cost</b>       |                   |                   |
| Buildings                                  | 15,347,131        | 15,093,863        |
| Less accumulated depreciation              | (3,032,569)       | (2,422,489)       |
|  | <u>12,314,562</u> | <u>12,671,374</u> |
| <b>Buildings under Construction</b>        | <u>2,612,194</u>  | <u>549</u>        |
| <b>Plant and Equipment - at cost</b>       | 1,811,639         | 1,708,654         |
| Less accumulated depreciation              | (1,385,116)       | (1,232,445)       |
|  | <u>426,523</u>    | <u>476,209</u>    |
| <b>Motor Vehicles -at cost</b>             | 801,157           | 827,582           |
| Less accumulated depreciation              | (631,024)         | (603,630)         |
|  | <u>170,133</u>    | <u>223,952</u>    |
| <b>Furniture and Fittings - at cost</b>    | 1,182,670         | 1,080,774         |
| Less accumulated depreciation              | (728,865)         | (541,823)         |
|  | <u>453,805</u>    | <u>538,951</u>    |
| <b>Library - at cost</b>                   | 269,827           | 269,827           |
| Less accumulated depreciation              | (60,353)          | (46,863)          |
|  | <u>209,474</u>    | <u>222,964</u>    |
| <b>Total Property, Plant and Equipment</b> | <u>16,186,691</u> | <u>14,133,999</u> |

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                            | Buildings<br>\$ | Building Under<br>Construction<br>\$ | Plant and<br>Equipment<br>\$ | Motor Vehicles<br>\$ | Furniture &<br>Fittings<br>\$ | Library<br>\$ | Total<br>\$ |
|----------------------------|-----------------|--------------------------------------|------------------------------|----------------------|-------------------------------|---------------|-------------|
| Net book value<br>01/01/12 | 12,671,374      | 549                                  | 476,209                      | 223,952              | 538,951                       | 222,964       | 14,133,999  |
| Additions                  | 253,268         | 2,611,645                            | 102,985                      | -                    | 101,896                       | -             | 3,069,794   |
| Transfers                  | -               | -                                    | -                            | -                    | -                             | -             | -           |
| Disposals                  | -               | -                                    | -                            | (3,727)              | -                             | -             | (3,727)     |
| Depreciation               | (610,080)       | -                                    | (152,671)                    | (50,092)             | (187,042)                     | (13,490)      | (1,013,375) |
| Net book value<br>31/12/12 | 12,314,562      | 2,612,194                            | 426,523                      | 170,133              | 453,805                       | 209,474       | 16,186,691  |

|  | 2012<br>\$       | 2011<br>\$       |
|--|------------------|------------------|
| 8. TRADE AND OTHER PAYABLES            |                  |                  |
| Trade creditors                        | 314,636          | 308,259          |
| Other creditors                        | 828,689          | 950,963          |
| Loans - Islamic Trust Fund - unsecured | 1,547,259        | 1,550,845        |
|  | <u>2,690,584</u> | <u>2,810,067</u> |

9. INTEREST BEARING LIABILITIES

Current

|                                   |                  |                |
|-----------------------------------|------------------|----------------|
| Hire purchase liability - secured | 66,887           | -              |
| Macquarie loan                    | 211,900          | 189,977        |
| Bank bills - secured              | 3,627,147        | -              |
| Progress draw facility - secured  | 2,121,432        | -              |
| Loans - bank - secured            | 5,748,579        | 513,951        |
|                                   | <u>6,027,366</u> | <u>703,928</u> |

Non-Current

|                                   |                |                  |
|-----------------------------------|----------------|------------------|
| Hire purchase liability - secured | 226,007        | -                |
| Loans - bank - secured            | -              | 2,644,993        |
|                                   | <u>226,007</u> | <u>2,644,993</u> |

Hire purchase facilities are secured against the assets financed. Bank bills and the progress draw facility are secured by property mortgages and individual guarantee and indemnities provided by committee members and their related entities to the amount of \$7,973,000 plus interest.

10. PROVISIONS

Current

|                                  |         |         |
|----------------------------------|---------|---------|
| Provision for long service leave | 707,853 | 576,495 |
|----------------------------------|---------|---------|

Non Current

|                                  |         |         |
|----------------------------------|---------|---------|
| Provision for long service leave | 332,423 | 257,827 |
|----------------------------------|---------|---------|



THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

|   | 2012<br>\$       | 2011<br>\$       |
|---|------------------|------------------|
| <b>11. NOTES TO THE STATEMENT OF CASH FLOWS</b>   |                  |                  |
| (a) Reconciliation of Cash  |                  |                  |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows: |                  |                  |
| Cash on hand  | 5,026            | 369              |
| Deposits at call  | -                | 17,766           |
| Cash at bank  | 1,614,418        | 143,901          |
|   | <u>1,619,444</u> | <u>162,036</u>   |
| (b) Reconciliation of net cash provided by operating activities to operating gain:  |                  |                  |
| Operating gain  | 258,101          | 1,812,938        |
| Non-cash flows in gain from operating activities:   |                  |                  |
| Depreciation & amortisation - property, plant & equipment   | 1,013,375        | 961,334          |
| Bad and doubtful debts  | 7,249            | 4,703            |
| Gain on disposal of property, plant & equipment   | (8,000)          | (872)            |
| Changes in assets and liabilities:  |                  |                  |
| (Increase) / Decrease in trade and other receivables  | (118,663)        | 310,204          |
| (Decrease) in trade and other payables  | (22,844)         | (706,461)        |
| (Decrease) / Increase in unsecured loans - Islamic Trust Fund   | -                | 39,733           |
| Increase in provisions  | 205,954          | 141,649          |
| Cash flows provided by operating activities   | <u>1,335,172</u> | <u>2,563,228</u> |
| <b>12. COMMITMENTS FOR EXPENDITURE</b>  |                  |                  |
| (a) Hire Purchase Commitments Payable   |                  |                  |
| - not longer than one year  | 90,235           | -                |
| - longer than one year but not longer than five years   | 260,574          | -                |
| - longer than five years  | -                | -                |
| Minimum hire purchase payments  | <u>350,809</u>   | -                |
| Less future finance charges   | (57,915)         | -                |
| Total hire purchase liability   | <u>292,894</u>   | -                |
| Represented by:   |                  |                  |
| Current liability (Note 9)  | 66,887           | -                |
| Non-current liability (Note 9)  | 226,007          | -                |
|   | <u>292,894</u>   | -                |

The company used hire purchase funding to acquire an advanced security camera system.

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

|   | 2012             | 2011             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>12. COMMITMENTS FOR EXPENDITURE (CONT'D)</b>   |                  |                  |
| (b) Operating Lease Commitments   |                  |                  |
| Land:   |                  |                  |
| Payable   |                  |                  |
| - not longer than one year  | 444,216          | 414,489          |
| - longer than one year but not longer than five years   | 2,221,080        | 1,657,958        |
| - longer than five years  | 888,432          | 1,243,468        |
| Total   | <u>3,553,728</u> | <u>3,315,915</u> |
| Office Equipment:   |                  |                  |
| Payable   |                  |                  |
| - not longer than one year  | 96,038           | 26,983           |
| - longer than one year but not longer than five years   | 186,567          | -                |
| - longer than five years  | -                | -                |
| Total   | <u>282,605</u>   | <u>26,983</u>    |
| <p>Operating lease commitments relate to the lease of two land locations, in which the school buildings are situated, and from 2012 a school camp facility situated at Banksia Peninsula. The property leases are for a period of ten (10) years with an option to renew for a further term of fifteen (15) years. Other lease commitments relate to office equipment leases entered into for periods of not longer than three (3) years.</p> |                  |                  |
| (c) Capital Commitments   |                  |                  |
| Contracted building works:  |                  |                  |
| Payable   |                  |                  |
| - not longer than one year  | 860,526          | -                |
| - longer than one year but not longer than five years   | -                | -                |
| - longer than five years  | -                | -                |
| Total   | <u>860,526</u>   | <u>-</u>         |

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2012

|   | 2012    | 2011    |
|---|---------|---------|
|   | \$      | \$      |
| <b>13. RELATED PARTY TRANSACTIONS</b>   |         |         |
| <i>Outstanding accounts and transactions with Council member related entities</i>   |         |         |
| <p>Mr Omar Hallak, a Council member and principal of the school, is also a trustee of the Islamic Trust Fund. During the year, the school paid rental of \$459,945(2011: \$363,636) for the use of the land and a new school camp facility owned by the Islamic Trust Fund. The school also made a donation of \$162,815(2011: \$39,733) to the Islamic Trust Fund.</p> <p>As at 31 December 2012, the school has outstanding unsecured and interest free loans of \$1,547,259 (2011: \$1,550,845) payable to the Islamic Trust Fund.</p> <p>During the year, two Council members had children who were enrolled at the school. The school fees they paid were reduced by a discount rate of 30% each or a total of \$2,010 (2011:\$2,462).</p> |         |         |
| <i>Key Management Personnel Compensation</i>  |         |         |
| <p>Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the School.</p>  |         |         |
| Key management personnel compensation   | 673,166 | 554,040 |

**14. AFTER BALANCE DATE EVENTS**

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations or the state of affairs of The Islamic Schools of Victoria (Werribee College) Inc. in future financial years.

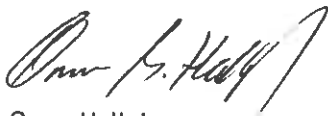
THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.  
TRADING AS AL-TAQWA COLLEGE

COMMITTEE DECLARATION  
FOR THE YEAR ENDED 31 DECEMBER 2012

In the opinion of the Members of the Committee of The Islamic Schools of Victoria (Werribee College) Inc., the financial report:

- (a) presents a true and fair view of the financial position of the Association as at 31 December 2012 and of its performance and cash flows for the year ended on that date in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012*; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Association 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 Members of the Committee by:



Omar Hallak



Mohammed Muyeen

17 May 2013  
Melbourne

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of The Islamic Schools of Victoria (Werribee College) Inc. trading as Al-Taqwa College

### **Report on the Financial Report**

We have audited the accompanying financial report of The Islamic Schools of Victoria (Werribee College) Inc. trading as Al-Taqwa College, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by Members of the Committee.

#### **Committee's Responsibility for the Financial Report**

Members of the Committee are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012*, and for such internal control as the Members of the Committee 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members of the Committee, as well as evaluating the overall presentation of the financial report.

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

#### **Independence**

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

#### **Opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of The Islamic Schools of Victoria (Werribee College) Inc. trading as Al-Taqwa College as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012*.

**BDO East Coast Partnership**

**Richard Dean**  
Partner

Melbourne, 17 May 2013