

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



**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
BOARD REPORT**

The Board presents this report on the school for the financial year ended 31 December 2014.

BOARD MEMBERS

The following persons held office as Board Members during the year or since the end of the year:

Omar Hallak (Executive)	Roshan Ali	Mohammed Muyeen	Jeka Zemri
Hussam Hallak (Executive)	Rahany Osman	Sameh Aghbash	

The following persons are invited to attend Board meetings to provide the Board with independent specialist advice:

Theresa Sgambaro	Andrew Metcalfe	Margaret Purcell	Tommy Nguyen
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The Board has established the following sub-committees:

- Executive/SMT Committee
- Finance, Audit and Risk Management Committee
- Building and Grounds Committee
- Governance Committee

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 \$2,398,718 (2013: \$352,629).

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
BOARD 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
BOARD REPORT (CONT'D)**

PERFORMANCE MEASUREMENT

The school will measure both objectives through the School Board's 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 board 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 Board and is signed for on behalf of the Board by:



Omar Hallak
Chairman



Mohammed Muyeen
Deputy Chairman

21 May 2015
Melbourne

THE ISLAMIC SCHOOLS OF VICTORIA (WERRIBEE COLLEGE) INC.
 TRADING AS AL-TAQWA COLLEGE
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Revenue	4	24,080,505	20,538,669
Salaries and employee benefits expense		(14,061,421)	(13,261,521)
Property expenses		(1,717,206)	(1,563,716)
Student and teaching expenses		(1,584,763)	(950,084)
Bus expenses		(469,045)	(558,897)
Insurance expenses		(445,885)	(422,457)
Depreciation and amortisation		(1,193,854)	(1,037,365)
Borrowing costs		(532,340)	(625,724)
Bad and doubtful debts		(144,300)	(54,214)
Donation		(4,695)	(2,104)
Other expenses		(1,528,278)	(1,709,958)
		<u>(21,681,787)</u>	<u>(20,186,040)</u>
Operating gain before income tax expense		2,398,718	352,629
Income tax expense	1(d)	-	-
Net operating gain for the year		<u>2,398,718</u>	<u>352,629</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>2,398,718</u>	<u>352,629</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
 AS AT 31 DECEMBER 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	11(a)	4,706,113	2,539,662
Trade and other receivables	6	797,862	437,302
TOTAL CURRENT ASSETS		5,503,975	2,976,964
NON-CURRENT ASSETS			
Property, plant and equipment	7	17,953,850	17,468,977
TOTAL NON-CURRENT ASSETS		17,953,850	17,468,977
TOTAL ASSETS		23,457,825	20,445,941
CURRENT LIABILITIES			
Trade and other payables	8	2,901,357	2,426,946
Interest-bearing liabilities	9	7,459,923	7,823,106
Provisions	10	1,769,300	1,627,221
TOTAL CURRENT LIABILITIES		12,130,580	11,877,273
NON-CURRENT LIABILITIES			
Trade and other payables	8	187,650	-
Interest-bearing liabilities	9	468,326	152,595
Provisions	10	510,111	653,633
TOTAL NON-CURRENT LIABILITIES		1,166,087	806,228
TOTAL LIABILITIES		13,296,667	12,683,501
NET ASSETS		10,161,158	7,762,440
ACCUMULATED FUNDS			
Accumulated funds		10,161,158	7,762,440
TOTAL ACCUMULATED FUNDS		10,161,158	7,762,440

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 2014

	Accumulated Funds \$
Balance at 1 January 2013	8,008,657
Adjustment on correction of error (Note 2)	<u>(598,846)</u>
As at 1 January 2013 restated	7,409,811
Net operating gain for the year	352,629
Other comprehensive income for the year, net of tax	<u>-</u>
Total comprehensive income for the year	<u>352,629</u>
Balance at 31 December 2013	<u>7,762,440</u>
Balance at 1 January 2014	7,762,440
Net operating gain for the year	2,398,718
Other comprehensive income for the year, net of tax	<u>-</u>
Total comprehensive income for the year	<u>2,398,718</u>
Balance at 31 December 2014	<u>10,161,158</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 2014**

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of school fees, levies and other income		4,743,710	4,383,903
Grants received		19,181,369	16,054,447
Interest received		5,019	3,703
Payments to suppliers and employees		(19,511,036)	(18,026,324)
Interest paid		(526,331)	(618,090)
Net cash provided by operating activities	11(b)	<u>3,892,731</u>	<u>1,797,639</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(860,958)	(2,319,651)
Net cash used in investing activities		<u>(860,958)</u>	<u>(2,319,651)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans - Islamic Trust Fund		(100)	(280,098)
Proceeds from loans		157,045	281,232
Repayment of loans		(285,169)	(288,294)
Repayment of hire purchase and lease contracts		(247,097)	(66,888)
Repayment of secured borrowings		(490,001)	-
Proceeds from secured borrowings		-	1,796,278
Net cash (used in)/provided by financing activities		<u>(865,322)</u>	<u>1,442,230</u>
Net increase in cash held		2,166,451	920,218
Cash at beginning of year		2,539,662	1,619,444
Cash at end of year	11(a)	<u>4,706,113</u>	<u>2,539,662</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 2014**

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) 2013. The financial report is presented in Australian dollars.

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

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Associations Incorporation Reform Act (Vic) 2013, as appropriate for not-for-profit orientated entities.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

Critical Accounting Estimates and Judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association'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 disclosed in note 1(n).

(b) New, revised or amending Accounting Standards and Interpretations adopted

The incorporated association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the incorporated association.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 2014

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

(c) Going Concern

At the reporting date, the Board notes a working capital deficiency of \$6,626,605 (2013: \$8,900,309).

Notwithstanding the above, the Board 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 \$1,192,903 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 \$3,631,857 and a variable rate fully drawn advance facility of \$3,422,999. The bills are on 30 day rolling terms and have historically been renewed at each rollover date, whilst the variable rate fully drawn advance requires a \$98,000 quarterly repayment. The Board confirms that at the date of approving the financial report there have been no breaches of the conditions of the loans; and
- the Board 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.

(d) 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.

(e) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

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.

All revenue is stated net of the amount of goods and services tax (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 2014

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

(f) 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.

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.

(g) 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.

(h) 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.

(i) 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.

(j) Plant and Equipment

Each class of plant and equipment is carried at cost less, 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.

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 2014

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

(j) Plant and Equipment (Cont'd)

Depreciation

Depreciation is provided on all fixed assets so as to write off the assets over their useful lives. The depreciation method was changed on 1 January 2014 for assets being depreciated on the reducing balance method to depreciate these assets on the straight line method. The board members believe the straight line method will better reflect the pattern in which the assets future economic benefits will be consumed. This change in methodology has been accounted for as a change in accounting estimate.

From 1 January 2014 depreciation has been changed to a straight line basis using the following useful lives:

Leasehold Buildings	4%
Plant and Equipment	10% to 50%
Furniture and Fittings	10% to 40%
Motor Vehicles	22.5%
Library	5%

The following depreciation rates were in use up to 31 December 2013:

	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%

It is estimated that this change in policy has increased depreciation in the current year by approximately \$105,000. It has not been practical to calculate the effect on future periods.

(k) 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.

(l) 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.

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 2014

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

(m) 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.

(n) Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The incorporated association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1(m), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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 2014

2. RESTATEMENT OF COMPARATIVES

During the completion of the financial year end process, management identified that the methodology in use to recognise The Islamic Schools of Victoria (Werribee College) Inc. liability for annual leave was inconsistent with the employment contracts in place, which over time has resulted in a significant understatement of the liability.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

	31 December 2013 \$	1 January 2013 \$
Impact on equity of correction		
Decrease in equity:		
Current provisions	(749,698)	(598,846)
Total Liabilities	<u>(749,698)</u>	<u>(598,846)</u>
Net impact on equity	<u>(749,698)</u>	<u>(598,846)</u>
		2013 \$
Impact on profit or loss		
Decrease in operating gain:		
Annual leave		(150,852)
Net impact on surplus for the year		<u>(150,852)</u>
The change did not have an impact on other comprehensive income or on the cash flows for the period.		

3. FINANCE FACILITIES

Financing Arrangement

At balance date the school had access to an overdraft facility of \$Nil (2013: \$700,000), which was unutilised at balance date a fully drawn variable rate advance of \$3,422,999 and commercial bill facilities of \$3,093,066 with an additional \$538,791 commercial bill facility through the Islamic Trust Fund.

	2014 \$	2013 \$
4. REVENUE		
Government grants - Operating	19,181,369	15,838,260
- Capital	-	216,187
School fees and levies	4,140,677	3,560,570
Donations - Building Fund	-	50,000
- General	3,911	-
Bus fees	248,849	310,664
Proceeds of insurance claims	26,166	71,562
Sundry income	469,998	487,723
Interest income	9,535	3,703
	<u>24,080,505</u>	<u>20,538,669</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 2014

	2014 \$	2013 \$
5. EXPENSES		
Audit fees	24,700	21,000
Preparation of financial report	3,950	3,800
Assistance with Annual Return	2,400	2,400
Review of financial model	6,000	-
	<u>37,050</u>	<u>27,200</u>
Superannuation contributions - Defined Contribution Plan	1,208,235	1,080,780
Operating lease expense - Land	431,588	431,588
- Other rental expenses	218,645	249,191
6. TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	400,930	369,399
Less: Allowance for doubtful debts	(95,112)	(167,492)
	<u>305,818</u>	<u>201,907</u>
Prepayments	491,789	235,395
Sundry deposits	255	-
	<u>797,862</u>	<u>437,302</u>
7. PROPERTY, PLANT AND EQUIPMENT		
Leasehold Buildings - at cost		
Buildings	20,576,629	20,159,199
Less accumulated depreciation	(4,563,697)	(3,747,676)
	<u>16,012,932</u>	<u>16,411,523</u>
Buildings under Construction	<u>332,087</u>	<u>46,200</u>
Plant and Equipment - at cost	2,072,158	1,879,015
Less accumulated depreciation	(1,702,246)	(1,516,454)
	<u>369,912</u>	<u>362,561</u>
Motor Vehicles -at cost	812,157	801,157
Less accumulated depreciation	(702,559)	(669,303)
	<u>109,598</u>	<u>131,854</u>
Furniture and Fittings - at cost	1,202,927	1,188,872
Less accumulated depreciation	(943,684)	(868,015)
	<u>259,243</u>	<u>320,857</u>
Library - at cost	269,827	269,827
Less accumulated depreciation	(87,336)	(73,845)
	<u>182,491</u>	<u>195,982</u>
Computer & Software - at cost	757,211	-
Less accumulated depreciation	(69,624)	-
	<u>687,587</u>	<u>-</u>
Total Property, Plant and Equipment	<u>17,953,850</u>	<u>17,468,977</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 2014

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

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Buildings \$	Building Under Construction \$	Plant and Equipment \$	Motor Vehicles \$	Furniture & Fittings \$	Library \$	Computer & Software \$	Total \$
Net book value 01/01/2014	16,411,523	46,200	362,561	131,854	320,857	195,982	-	17,468,977
Additions	417,431	285,887	193,143	11,000	14,055	-	757,211	1,678,727
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Depreciation	(816,022)	-	(185,792)	(33,256)	(75,669)	(13,491)	(69,624)	(1,193,854)
Net book value 31/12/2014	16,012,932	332,087	369,912	109,598	259,243	182,491	687,587	17,953,850

Finance Contracts

The carrying value of property, plant and equipment held under finance leases and hire purchase contracts at 31 December 2014 was \$1,054,512 (2013: \$311,087).

Additions during the year include \$743,425 (2013: \$236,377) of plant and equipment under finance leases and hire purchase contracts. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

8. TRADE AND OTHER PAYABLES

Current

Trade creditors	370,762	349,943
Other creditors	1,292,982	884,000
Deferred income	44,710	-
Loans - Islamic Trust Fund - unsecured	1,192,903	1,193,003
	<u>2,901,357</u>	<u>2,426,946</u>

Non current

Deferred income	<u>187,650</u>	-
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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 2014

	2014 \$	2013 \$
9. INTEREST BEARING LIABILITIES		
Current		
Hire purchase liability - secured	58,432	73,411
Finance lease liability	269,921	-
Macquarie loan	-	204,838
Westpac loan	76,714	-
Bank bills - secured	3,093,066	3,093,066
Bank bills - Islamic Trust Fund - secured	538,791	538,791
Variable rate fully drawn advance - secured	3,422,999	3,913,000
	<u>7,459,923</u>	<u>7,823,106</u>
Non-Current		
Hire purchase liability - secured	94,163	152,595
Finance lease liability	374,163	-
	<u>468,326</u>	<u>152,595</u>

Hire purchase and lease facilities are secured against the assets financed.

The bank bill facilities, the progress draw facility, and the variable rate fully drawn advance are secured by property mortgages over the school properties owned by the Islamic Trust Fund and leased by the school with guarantees and indemnities provided by the trustees of the Islamic Trust Fund. The bank facilities are subject to annual review. Other than the variable rate fully drawn advance, which requires repayments of \$98,000 per quarter, the facilities have no requirement for regular capital repayments.

10. PROVISIONS

Current		
Provision for annual leave	797,967	749,698
Provision for long service leave	971,333	877,523
	<u>1,769,300</u>	<u>1,627,221</u>
Non Current		
Provision for long service leave	<u>510,111</u>	<u>653,633</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 2014

	2014 \$	2013 \$
11. NOTES TO THE STATEMENT OF CASH FLOWS		
(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	5,026
Cash at bank	4,701,087	2,534,636
	<u>4,706,113</u>	<u>2,539,662</u>
(b) Reconciliation of net cash provided by operating activities to operating gain:		
Operating gain	2,398,719	352,629
Non-cash flows in gain from operating activities:		
Depreciation & amortisation - property, plant & equipment	1,193,854	1,037,365
Bad and doubtful debts	144,300	54,214
Changes in assets and liabilities:		
Increase in trade and other receivables	(504,860)	(20,983)
Increase in trade and other payables	662,161	16,460
(Decrease)/Increase in provisions	(1,443)	357,954
Cash flows provided by operating activities	<u>3,892,731</u>	<u>1,797,639</u>
(c) Non cash financing and investing activities		
During the current financial year the college acquired \$743,425 (2013: \$236,377) of plant and equipment under finance leases. The acquisition will be reflected in the cash flow statement over the term of the finance leases via lease repayments.		

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 2014

	2014 \$	2013 \$
12. COMMITMENTS FOR EXPENDITURE		
(a) Hire Purchase Commitments Payable		
- not longer than one year	68,771	90,235
- longer than one year but not longer than five years	101,569	170,340
- longer than five years	-	-
Minimum hire purchase payments	<u>170,340</u>	<u>260,575</u>
Less future finance charges	<u>(17,745)</u>	<u>(34,569)</u>
Total hire purchase liability	<u>152,595</u>	<u>226,006</u>
Represented by:		
Current liability (Note 9)	58,432	73,411
Non-current liability (Note 9)	<u>94,163</u>	<u>152,595</u>
	<u>152,595</u>	<u>226,006</u>
The company used hire purchase funding to acquire an advanced security camera system.		
(b) Finance Lease Commitments Payable:		
- not longer than one year	318,849	-
- longer than one year but not longer than five years	400,293	-
	<u>719,142</u>	-
Less future finance charges	<u>(75,058)</u>	-
	<u>644,084</u>	-
Represented by:		
Current Liability (Note 9)	269,921	-
Non Current Liability (Note 9)	374,163	-
Total finance lease liability	<u>644,084</u>	-
The College used lease financing to acquire computer equipment.		
(c) Operating Lease Commitments		
Land:		
Payable		
- not longer than one year	431,588	431,588
- longer than one year but not longer than five years	1,726,350	1,726,350
- longer than five years	863,175	1,294,762
Total	<u>3,021,113</u>	<u>3,452,700</u>
Office Equipment:		
Payable		
- not longer than one year	229,738	236,530
- longer than one year but not longer than five years	141,352	212,779
- longer than five years	-	-
Total	<u>371,090</u>	<u>449,309</u>

Operating lease commitments relate to the lease of two land locations, in which the school buildings are situated, and a school camp facility situated at Banksia Peninsula expiring 1 January 2022. 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.

**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 2014**

	2014	2013
	\$	\$

13. RELATED PARTY TRANSACTIONS

Outstanding accounts and transactions with Board Member related entities

Mr Omar Hallak, a Board member and principal of the school, is also a trustee of the Islamic Trust Fund. During the year, the school paid rental of \$431,587 (2013: \$431,587) for the use of property owned by the Islamic Trust Fund.

As at 31 December 2014, the school has outstanding unsecured and interest free loans of \$1,192,903 (2013: \$1,193,003) payable to the Islamic Trust Fund.

During the year, four Board members had children who were enrolled at the school. Fees were paid at normal rates. In the early part of the 2013 financial year school fees paid were reduced by a discount rate of 30% amounting to a total discount of \$1,605 provided to Board Members in the 2013 year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Key Management Personnel Compensation

Key management personnel comprise Board Members and other persons having authority and responsibility for planning, directing and controlling the activities of the School. No Board Members received remuneration for the performance of their role during the financial year.

Key management personnel compensation	697,577	686,909
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14. CONTINGENT LIABILITIES

The incorporated association had no contingent liabilities as at 31 December 2014 and 31 December 2013.

15. EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2014 that has 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
BOARD DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2014**

In the opinion of the Members of the Board of The Islamic Schools of Victoria (Werribee College) Inc.:

- (a) the attached financial statements and notes thereto comply with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2013*;
- (b) the attached financial statements and notes thereto give a true and fair view of Association's financial position as at 31 December 2014 and of its performance and cash flows for the year ended on that date; and
- (c) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

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



Omar Hallak
Chairman



Mohammed Muyeen
Deputy Chairman

21 May 2015
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 2014, 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 Board.

The Board's Responsibility for the Financial Report

The members of the Board 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 Board 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 Board, 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 gives a true and fair view of the financial position of The Islamic Schools of Victoria (Werribee College) Inc. trading as Al-Taqwa College as at 31 December 2014, and of 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, 21 May 2015