

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**



**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  
COUNCIL REPORT**

The Council presents this report on the college for the financial year ended 31 December 2015.

**COUNCIL MEMBERS**

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

Omar Hallak (Executive)	Jeka Zemri	Mohammed Muyeen
Hussam Hallak (Executive)	Rahany Osman	Bilal Khaldi (appointed 30 May 2015)
Sameh Aghbash (resigned 30 May 2015)	Fauziah Adiman (appointed 30 May 2015)	Roshan Ali (resigned 30 May 2015)

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

Theresa Sgambaro	Andrew Metcalfe	Margaret Purcell
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The Council 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 \$1,007,962 (2014: \$2,398,718).

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

- Create a college 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  
COUNCIL REPORT (CONT'D)**

**PERFORMANCE MEASUREMENT**

The college will measure both objectives through the School Council's review of operations and the college'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 college's council members meet on a regular basis as part of this review process and a report is prepared which is available on the college's website showing the college's performance in a year.

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



Omar Hallak  
Chairman



Mohammed Muyeen  
Deputy Chairman

11 May 2016  
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 2015

	Note	2015 \$	2014 \$
Revenue	3	27,005,668	24,080,505
Salaries and employee benefits expense		(16,223,816)	(14,061,421)
Property expenses		(3,119,413)	(1,717,206)
Student and teaching expenses		(1,169,371)	(1,584,763)
Bus expenses		(633,939)	(469,045)
Insurance expenses		(344,155)	(445,885)
Depreciation and amortisation		(1,490,479)	(1,193,854)
Borrowing costs		(427,619)	(532,340)
Bad and doubtful debts		(58,129)	(144,300)
Donation		(3,007)	(4,695)
Other expenses		(2,527,778)	(1,528,278)
		<u>(25,997,706)</u>	<u>(21,681,787)</u>
<b>Operating gain before income tax expense</b>		1,007,962	2,398,718
Income tax expense	1(d)	-	-
<b>Net operating gain for the year</b>		<u>1,007,962</u>	<u>2,398,718</u>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u><u>1,007,962</u></u>	<u><u>2,398,718</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 FINANCIAL POSITION  
 AS AT 31 DECEMBER 2015

	Note	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10(a)	2,405,608	4,706,113
Trade and other receivables	5	1,355,124	797,862
<b>TOTAL CURRENT ASSETS</b>		<u>3,760,732</u>	<u>5,503,975</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	18,091,223	17,953,850
<b>TOTAL NON-CURRENT ASSETS</b>		<u>18,091,223</u>	<u>17,953,850</u>
<b>TOTAL ASSETS</b>		<u>21,851,955</u>	<u>23,457,825</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	3,209,114	2,901,357
Interest-bearing liabilities	8	4,368,214	7,459,923
Provisions	9	2,214,537	1,769,300
<b>TOTAL CURRENT LIABILITIES</b>		<u>9,791,865</u>	<u>12,130,580</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	7	127,000	187,650
Interest-bearing liabilities	8	373,299	468,326
Provisions	9	390,671	510,111
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>890,970</u>	<u>1,166,087</u>
<b>TOTAL LIABILITIES</b>		<u>10,682,835</u>	<u>13,296,667</u>
<b>NET ASSETS</b>		<u>11,169,120</u>	<u>10,161,158</u>
<b>ACCUMULATED FUNDS</b>			
Accumulated funds		11,169,120	10,161,158
<b>TOTAL ACCUMULATED FUNDS</b>		<u>11,169,120</u>	<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 CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated Funds \$
<b>Balance at 1 January 2014</b>	7,762,440
Net operating gain for the year	2,398,718
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	<u>2,398,718</u>
<b>Balance at 31 December 2014</b>	<u>10,161,158</u>
<b>Balance at 1 January 2015</b>	10,161,158
Net operating gain for the year	1,007,962
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	<u>1,007,962</u>
<b>Balance at 31 December 2015</b>	<u>11,169,120</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 2015**

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt of college fees, levies and other income		5,277,302	4,743,710
Grants received		21,414,876	19,181,369
Interest received		23,007	5,019
Payments to suppliers and employees		(23,777,736)	(19,511,036)
Interest paid		(427,619)	(526,331)
Net cash provided by operating activities	10(b)	2,509,830	3,892,731
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(1,122,385)	(860,958)
Net cash used in investing activities		(1,122,385)	(860,958)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of loan/(repayment of loan) - Islamic Trust Fund		4,254	(100)
Proceeds from loans		118,825	157,045
Repayment of loans		(111,060)	(285,169)
Repayment of hire purchase and lease contracts		(448,100)	(247,097)
Repayment of secured borrowings		(7,054,856)	(490,001)
Proceeds from secured borrowings		3,802,987	-
Net cash used in financing activities		(3,687,950)	(865,322)
Net increase in cash held		(2,300,505)	2,166,451
Cash at beginning of year		4,706,113	2,539,662
Cash at end of year	10(a)	2,405,608	4,706,113

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 2015

**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 Council on the date of signing the Declaration by Members of the Council.

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) 2012, 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 2015

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

(c) Going Concern

At the reporting date, the Council notes a working capital deficiency of \$6,031,133 (2014: \$6,626,605).

Notwithstanding the above, the Council 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 \$1,197,157 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 is the Bank Bill Business Loan Facility of \$3,802,987. The facility has a 3 year term subject to annual review. There is no indication it will not be renewed at the annual review. The Council confirms that at the date of approving the financial report there have been no breaches of the conditions of the loans; and
- the Council 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 2015

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 2015

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 and has been charged on a straight line basis using the following depreciation rates:

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

(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.

(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.

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 2015

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

(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 that 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.

2. FINANCE FACILITIES

**Financing Arrangement**

At balance date the college had access to a Bank Bill Business Loan Facility with a redraw option. At 31 December 2015 the facility was for \$8,000,000 and \$3,802,987 had been drawn upon. In addition a \$4,500,000 Bank Bill Business Loan facility to fund the new boys secondary buildings was in place. This facility is for 3 years, interest only for one year and then monthly repayments of \$75,000 per month for 2 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 2015

	2015 \$	2014 \$
<b>3. REVENUE</b>		
Government grants - Operating	21,414,876	19,181,369
School fees and levies	4,678,081	4,140,677
Donations - General	5,338	3,911
Bus fees	266,314	248,849
Proceeds of insurance claims	11,077	26,166
Sundry income	606,975	469,998
Interest income	23,007	9,535
	<u>27,005,668</u>	<u>24,080,505</u>
<b>4. EXPENSES</b>		
Audit fees	23,700	24,700
Preparation of financial report	4,150	3,950
Assistance with Annual Return	2,500	2,400
Review of financial model	4,000	6,000
	<u>34,350</u>	<u>37,050</u>
Superannuation contributions - Defined Contribution Plan	1,355,850	1,208,235
Operating lease expense - Land	654,211	431,588
- Land Tax (a)	1,004,655	-
- Other rental expenses	271,798	218,645
(a) The college, under its lease agreement, is required to pay any land tax due on the properties. During the year the college paid \$1,004,655 in respect of an assessment received for the 2013, 2014 and 2015 years. Refer note 15.		
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	682,068	400,930
Less: Allowance for doubtful debts	(130,000)	(95,112)
	<u>552,068</u>	<u>305,818</u>
Prepayments	771,035	491,789
Sundry debtors	32,021	255
	<u>1,355,124</u>	<u>797,862</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 2015

	2015 \$	2014 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Leasehold Buildings - at cost</b>		
Buildings	20,965,251	20,576,629
Less accumulated depreciation	(5,390,179)	(4,563,697)
	<u>15,575,072</u>	<u>16,012,932</u>
<b>Buildings under Construction</b>	<u>399,319</u>	<u>332,087</u>
<b>Plant and Equipment - at cost</b>	2,210,998	2,072,158
Less accumulated depreciation	(1,767,919)	(1,702,246)
	<u>443,079</u>	<u>369,912</u>
<b>Motor Vehicles -at cost</b>	1,225,343	812,157
Less accumulated depreciation	(880,492)	(702,559)
	<u>344,851</u>	<u>109,598</u>
<b>Furniture and Fittings - at cost</b>	1,202,927	1,202,927
Less accumulated depreciation	(1,007,730)	(943,684)
	<u>195,197</u>	<u>259,243</u>
<b>Library - at cost</b>	269,827	269,827
Less accumulated depreciation	(100,828)	(87,336)
	<u>168,999</u>	<u>182,491</u>
<b>Computer &amp; Software - at cost</b>	1,377,184	757,211
Less accumulated depreciation	(412,478)	(69,624)
	<u>964,706</u>	<u>687,587</u>
<b>Total Property, Plant and Equipment</b>	<u><b>18,091,223</b></u>	<u><b>17,953,850</b></u>

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 01/01/2015	16,012,932	332,087	369,912	109,598	259,243	182,491	687,587	17,953,850
Additions	388,622	67,232	138,840	413,186	-	-	619,973	1,627,853
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Depreciation	(826,482)	-	(65,673)	(177,933)	(64,046)	(13,492)	(342,854)	(1,490,480)
Net book value 31/12/2015	<u>15,575,072</u>	<u>399,319</u>	<u>443,079</u>	<u>344,851</u>	<u>195,197</u>	<u>168,999</u>	<u>964,706</u>	<u>18,091,223</u>

**Finance Contracts**

The carrying value of property, plant and equipment held under finance leases and hire purchase contracts at 31 December 2015 was \$1,485,264 (2014: \$1,054,512).

Additions during the year include \$505,468 (2014: \$743,425) 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.



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 2015

	2015 \$	2014 \$
<b>7. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	654,115	370,762
Other creditors	1,213,922	1,292,982
Deferred income	143,920	44,710
Loans - Islamic Trust Fund - unsecured	1,197,157	1,192,903
	<u>3,209,114</u>	<u>2,901,357</u>
<b>Non current</b>		
Deferred income	<u>127,000</u>	<u>187,650</u>
<b>8. INTEREST BEARING LIABILITIES</b>		
<b>Current</b>		
Hire purchase liability - secured	52,117	58,432
Finance lease liability	478,763	269,921
Westpac loan	34,347	76,714
Bank bills - business facility	3,802,987	-
Bank bills - secured	-	3,093,066
Bank bills - Islamic Trust Fund - secured	-	538,791
Variable rate fully drawn advance - secured	-	3,422,999
	<u>4,368,214</u>	<u>7,459,923</u>
<b>Non-Current</b>		
Hire purchase liability - secured	42,047	94,163
Finance lease liability	331,252	374,163
	<u>373,299</u>	<u>468,326</u>
Hire purchase and lease facilities are secured against the assets financed.		
The bank facilities were renegotiated in the 2015 financial year and are now secured by property mortgages over the college properties owned by the Islamic Trust Fund and leased by the college, a general security agreement with the college, with guarantees and indemnities provided by the trustees of the Islamic Trust Fund. The bank facilities are subject to annual review.		
<b>9. PROVISIONS</b>		
<b>Current</b>		
Provision for annual leave	935,099	797,967
Provision for long service leave	1,279,438	971,333
	<u>2,214,537</u>	<u>1,769,300</u>
<b>Non Current</b>		
Provision for long service leave	<u>390,671</u>	<u>510,111</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 2015

	2015 \$	2014 \$
<b>10. 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
Cash at bank	2,405,608	4,701,087
	<u>2,405,608</u>	<u>4,706,113</u>
(b) Reconciliation of net cash provided by operating activities to operating gain:		
Operating gain	1,007,962	2,398,719
Non-cash flows in gain from operating activities:		
Depreciation & amortisation - property, plant & equipment	1,490,480	1,193,854
Bad and doubtful debts	58,129	144,300
Changes in assets and liabilities:		
Increase in trade and other receivables	(615,391)	(504,860)
Increase in trade and other payables	204,293	429,801
Increase in deferred income	38,560	232,360
Increase/(decrease) in provisions	325,797	(1,443)
Cash flows provided by operating activities	<u>2,509,830</u>	<u>3,892,731</u>
(c) Non cash financing and investing activities		
During the current financial year the college acquired \$505,468 (2014: \$743,425) 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 2015

	2015 \$	2014 \$
<b>11. COMMITMENTS FOR EXPENDITURE</b>		
(a) Hire Purchase Commitments Payable		
- not longer than one year	58,040	68,771
- longer than one year but not longer than five years	43,530	101,569
- longer than five years	-	-
Minimum hire purchase payments	101,570	170,340
Less future finance charges	(7,406)	(17,745)
Total hire purchase liability	<u>94,164</u>	<u>152,595</u>
Represented by:		
Current liability (Note 8)	52,117	58,432
Non-current liability (Note 8)	42,047	94,163
	<u>94,164</u>	<u>152,595</u>
The company used hire purchase funding to acquire an advanced security camera system.		
(b) Finance Lease Commitments Payable:		
- not longer than one year	524,186	318,849
- longer than one year but not longer than five years	344,513	400,293
	<u>868,699</u>	<u>719,142</u>
Less future finance charges	(58,685)	(75,058)
	<u>810,014</u>	<u>644,084</u>
Represented by:		
Current Liability (Note 8)	478,762	269,921
Non Current Liability (Note 8)	331,252	374,163
Total finance lease liability	<u>810,014</u>	<u>644,084</u>
The College used lease financing to acquire computer equipment.		
(c) Operating Lease Commitments Land:		
Payable		
- not longer than one year	636,480	431,588
- longer than one year but not longer than five years	2,810,901	1,726,350
- longer than five years	3,732,430	863,175
Total	<u>7,179,811</u>	<u>3,021,113</u>
Office Equipment:		
Payable		
- not longer than one year	160,225	229,738
- longer than one year but not longer than five years	52,520	141,352
- longer than five years	-	-
Total	<u>212,745</u>	<u>371,090</u>

Operating lease commitments relate to the lease of two land locations, in which the college buildings are situated, and a college 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 2015**

**12. RELATED PARTY TRANSACTIONS**

*Outstanding accounts and transactions with Council Member related entities*

Mr Omar Hallak, a Council member and principal of the college, is also a trustee of the Islamic Trust Fund. During the year, the college paid rental of \$654,211 (2014: \$431,587) for the use of property owned by the Islamic Trust Fund.

As at 31 December 2015, the college has outstanding unsecured and interest free loans of \$1,197,157 (2014: \$1,192,903) payable to the Islamic Trust Fund.

During the year, four Council members had children who were enrolled at the college. Fees were paid at normal rates.

*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 Council Members and other persons having authority and responsibility for planning, directing and controlling the activities of the School. No Council Members received remuneration for the performance of their role during the financial year.

	2015 \$	2014 \$
Key management personnel compensation	804,483	697,577

**13. CAPITAL COMMITMENTS**

At 31 December 2015 the College has contracted for the construction of new secondary buildings at 229 Sayers Road. The contract value is \$4,827,900 and the work is expected to be completed in the 2016 college year.

**14. CONTINGENT LIABILITIES**

The incorporated association had no contingent liabilities as at 31 December 2015 and 31 December 2014.

**15. CONTINGENT ASSETS**

An application for exemption from certain land from land tax has been lodged with the State Revenue Office by the college's lawyers. If successful the college will be entitled to a refund of \$991,513 of the land tax it has paid during 2015. Due to the uncertainty surrounding the success of the application for recovery of the land tax all amounts paid have been expensed in the 2015 financial year.

**16. EVENTS AFTER THE REPORTING PERIOD**

No matters or circumstances have arisen since 31 December 2015 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  
COUNCIL DECLARATION  
FOR THE YEAR ENDED 31 DECEMBER 2015**

In the opinion of the Members of the Council 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 2012*;
- (b) the attached financial statements and notes thereto give a true and fair view of Association's financial position as at 31 December 2015 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 Council and is signed for and on behalf of the Members of the Council by:



Omar Hallak  
Chairman



Mohammed Muyeen  
Deputy Chairman

11 May 2016  
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 2015, 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 Council.

#### The Council's Responsibility for the Financial Report

The members of the Council 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 Council 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 Council, 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.

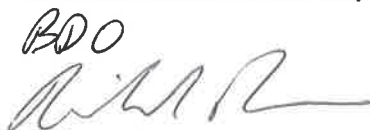
#### Independence

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 2015, 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, 11 May 2016