

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



**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 2017.

COUNCIL MEMBERS

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

Omar Hallak (Executive)	Zemri Jeka; appointed on 29 May 2017	Mohammed Muyeen
Hussam Hallak (Executive); resigned on 11 September 2017	Rahany Osman	Sameh Aghbash; appointed on 29 May 2017
Fauziah Adiman; resigned on 29 May 2017	Bilal Khalidi; resigned on 29 May 2017	Malak Al-Ashey; appointed on 29 May 2017 and resigned on 24 August 2017

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

Andrew Metcalfe	Margaret Purcell	Theresa Sgambaro (resigned on 2 February 2017)
John Newbold		

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 \$2,098,070 (2016: \$2,560,335).

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).

**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)

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 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.

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

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.

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

17 May 2018
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 2017

	Note	2017 \$	2016 \$
Revenue	3	33,004,584	31,601,626
Salaries and employee benefits expense		(21,584,901)	(20,228,786)
Property expenses		(2,703,419)	(2,257,464)
Student and teaching expenses		(1,509,265)	(1,565,249)
Bus expenses		(503,522)	(595,537)
Insurance expenses		(255,778)	(225,331)
Depreciation and amortisation		(2,293,011)	(1,870,834)
Borrowing costs		(359,539)	(338,327)
Bad and doubtful debts		(194,408)	(88,440)
Donations		-	(2,887)
Other expenses		(1,502,671)	(1,868,436)
		<u>(30,906,514)</u>	<u>(29,041,291)</u>
Operating gain before income tax expense		2,098,070	2,560,335
Income tax expense	1(d)	-	-
Net operating gain for the year		2,098,070	2,560,335
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>2,098,070</u>	<u>2,560,335</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 2017**

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	10(a)	1,187,207	4,080,304
Trade and other receivables	5	1,725,568	1,251,093
TOTAL CURRENT ASSETS		<u>2,912,775</u>	<u>5,331,397</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	23,889,106	21,340,261
TOTAL NON-CURRENT ASSETS		<u>23,889,106</u>	<u>21,340,261</u>
TOTAL ASSETS		<u>26,801,881</u>	<u>26,671,658</u>
CURRENT LIABILITIES			
Trade and other payables	7	2,227,249	1,781,462
Interest-bearing liabilities	8	4,902,944	7,337,730
Provisions	9	2,857,921	2,956,651
TOTAL CURRENT LIABILITIES		<u>9,988,114</u>	<u>12,075,843</u>
NON-CURRENT LIABILITIES			
Trade and other payables	7	-	53,000
Interest-bearing liabilities	8	202,559	187,922
Provisions	9	783,683	625,438
TOTAL NON-CURRENT LIABILITIES		<u>986,242</u>	<u>866,360</u>
TOTAL LIABILITIES		<u>10,974,356</u>	<u>12,942,203</u>
NET ASSETS		<u>15,827,525</u>	<u>13,729,455</u>
ACCUMULATED FUNDS			
Accumulated funds		15,827,525	13,729,455
TOTAL ACCUMULATED FUNDS		<u>15,827,525</u>	<u>13,729,455</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 2017

	Accumulated Funds \$
Balance at 1 January 2016	11,169,120
Net operating gain for the year	2,560,335
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	<u>2,560,335</u>
Balance at 31 December 2016	<u>13,729,455</u>
Balance at 1 January 2017	13,729,455
Net operating gain for the year	2,098,070
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	<u>2,098,070</u>
Balance at 31 December 2017	<u>15,827,525</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 2017**

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of college fees, levies and other income		6,179,422	6,271,162
Grants received		26,372,661	24,142,333
Interest received		3,431	6,565
Donation - Islamic Trust Fund		-	1,197,157
Payments to suppliers and employees		(27,823,551)	(26,071,304)
Interest paid		(359,539)	(338,327)
Net cash provided by operating activities	10(b)	<u>4,372,424</u>	<u>5,207,586</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of fixed assets		24,091	-
Payments for property, plant and equipment		(4,495,517)	(5,119,872)
Net cash used in investing activities		<u>(4,471,526)</u>	<u>(5,119,872)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan Islamic Trust Fund		-	(1,197,157)
Proceeds from bank loans		1,620,000	3,097,473
Repayment of hire purchase and lease contracts		(477,679)	(313,334)
Repayment of bank loans		(3,936,316)	-
Net cash provided by/(used in) financing activities		<u>(2,793,995)</u>	<u>1,586,982</u>
Net (decrease)/increase in cash held		(2,893,097)	1,674,696
Cash at beginning of year		4,080,304	2,405,608
Cash at end of year	10(a)	<u>1,187,207</u>	<u>4,080,304</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 2017**

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 and since 2012 has also been registered under the Australian Charities and Not-for-profits Commission Act 2012. The financial report is presented in Australian dollars and the amounts presented in the financial statements have been rounded to the nearest dollar.

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'), the Australian Charities and Not-for-profits Commission Act 2012 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 2017**

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

(c) Going Concern

At the reporting date, the Council notes a working capital deficiency of \$7,075,338 (2016: \$6,744,446).

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 is the Bank Bill Business Loan Redraw Facility of \$8,000,000 of which \$118,491 was utilised at 31 December 2017. Additionally, the Bank Bill Business Loan of \$4,500,000 (used to fund the new secondary buildings) has been fully drawn down at 31 December 2017. The facilities have a 3 year term subject to annual review. There is no indication they 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 five years 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 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 2017

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 2017

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 Profit or Loss.

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 2017

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.

Provision for doubtful debts

The Association reviews trade accounts receivables and actively engages with outstanding debtors to collect amounts owed. At balance date an allowance for doubtful accounts is recorded based on the student status of the family, payment plans in place, aging analysis, and specific known doubtful accounts. An allowance for a doubtful debt is made when there is objective evidence that the Association is unlikely to collect the debts. As at 31 December 2017 an allowance for doubtful debts has been made amounting to \$389,733 (2016: \$205,288)

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 2017 the facility was for \$8,000,000 and \$118,491 had been drawn upon. Additionally, the Bank Bill Business Loan of \$4,500,000 (used to fund the new secondary buildings) has been fully drawn down at 31 December 2017. 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 2017

	2017 \$	2016 \$
3. REVENUE		
Government grants - Operating	26,372,661	24,142,333
School fees and levies	5,713,319	5,138,549
Donations - Islamic Trust Fund	-	1,197,557
- General	2,368	-
Bus fees	173,211	282,444
Proceeds of insurance claims	10,595	-
Sundry income	728,999	834,178
Interest income	3,431	6,565
	<u>33,004,584</u>	<u>31,601,626</u>
4. EXPENSES		
Audit fees	28,500	26,200
Preparation of financial report	4,800	4,300
Assistance with Annual Financial Questionnaire	2,600	2,600
	<u>35,900</u>	<u>33,100</u>
Superannuation contributions - Defined Contribution Plans	1,785,222	1,670,019
Operating lease expense - Land	740,426	740,475
- Land Tax (a)	199,612	359,072
- Other rental expenses	489,905	302,971
(a) The college, under its lease agreement, is required to pay any land tax due on the properties. Both the 2017 and the 2016 expense reflects adjustments for prior years land tax amendment notices.		
5. TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	1,327,303	970,094
Less: Allowance for doubtful debts (a)	(389,733)	(205,288)
	<u>937,570</u>	<u>764,806</u>
Prepayments	601,331	390,518
Sundry debtors	186,667	95,769
	<u>1,725,568</u>	<u>1,251,093</u>
(a) Allowance for doubtful debts		
Balance as at 1 January	205,288	130,000
Bad debt expense for the year	194,408	88,440
Bad debts written off	(9,963)	(13,152)
Balance as at 31 December	<u>389,733</u>	<u>205,288</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 2017

	2017 \$	2016 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Leasehold Buildings - at cost		
Buildings	28,235,439	21,468,430
Less accumulated depreciation	(7,302,694)	(6,233,047)
	<u>20,932,745</u>	<u>15,235,383</u>
Buildings under Construction	<u>380,287</u>	<u>3,280,595</u>
Plant and Equipment - at cost	3,477,926	2,972,685
Less accumulated depreciation	(2,153,481)	(1,897,967)
	<u>1,324,445</u>	<u>1,074,718</u>
Motor Vehicles -at cost	1,322,706	1,290,528
Less accumulated depreciation	(1,108,597)	(997,342)
	<u>214,109</u>	<u>293,186</u>
Furniture and Fittings - at cost	1,474,961	1,259,044
Less accumulated depreciation	(1,117,573)	(1,068,452)
	<u>357,388</u>	<u>190,592</u>
Library - at cost	269,827	269,827
Less accumulated depreciation	(127,810)	(114,319)
	<u>142,017</u>	<u>155,508</u>
Computer & Software - at cost	2,438,853	2,229,525
Less accumulated depreciation	(1,900,738)	(1,119,246)
	<u>538,115</u>	<u>1,110,279</u>
Total Property, Plant and Equipment	<u>23,889,106</u>	<u>21,340,261</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 01/01/2017	15,235,383	3,280,595	1,074,718	293,186	190,592	155,508	1,110,279	21,340,261
Additions	1,407,040	2,459,661	505,153	72,365	220,587	-	209,328	4,874,143
Transfers	5,359,969	(5,359,969)	-	-	-	-	-	-
Disposals	-	-	-	(27,607)	(4,671)	-	-	(32,278)
Depreciation	(1,069,647)	-	(255,426)	(123,835)	(49,120)	(13,491)	(781,492)	(2,293,011)
Net book value 31/12/2017	<u>20,932,745</u>	<u>380,287</u>	<u>1,324,445</u>	<u>214,109</u>	<u>357,388</u>	<u>142,017</u>	<u>538,115</u>	<u>23,889,106</u>

Finance Contracts

The carrying value of property, plant and equipment held under finance leases and hire purchase contracts at 31 December 2017 was \$527,973 (2016: \$607,154). Additions during the year include \$373,846 (2016: \$239,132) of plant and equipment under finance leases. 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 2017

	2017 \$	2016 \$
7. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	280,159	286,097
Other creditors	1,894,735	1,393,240
Deferred income	52,355	102,125
	<u>2,227,249</u>	<u>1,781,462</u>
Non current		
Deferred income	-	53,000
	<u>-</u>	<u>53,000</u>
8. INTEREST BEARING LIABILITIES		
Current		
Hire purchase liability - secured	-	42,047
Finance lease liability	284,453	360,876
Westpac loan	-	39,605
Bank bills - business facility - secured	118,491	4,015,202
Bank bills - business loan - secured	4,500,000	2,880,000
	<u>4,902,944</u>	<u>7,337,730</u>
Non-Current		
Finance lease liability	202,559	187,922
	<u>202,559</u>	<u>187,922</u>
Hire purchase and lease facilities are secured against the assets financed.		
The bank bill facilities are secured by, property mortgages over the properties owned by the Islamic Trust Fund and leased by the college, a general security agreement with the college and by guarantees and indemnities provided by trustees of the Islamic Trust Fund. The bank facilities are subject to annual review.		
9. PROVISIONS		
Current		
Provision for annual leave	1,104,608	1,232,265
Provision for long service leave	1,753,313	1,724,386
	<u>2,857,921</u>	<u>2,956,651</u>
Non Current		
Provision for long service leave	783,683	625,438
	<u>783,683</u>	<u>625,438</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 2017

	2017 \$	2016 \$
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10. 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	487	2,512
Cash at bank	1,186,720	4,077,792
	<u>1,187,207</u>	<u>4,080,304</u>

(b) Reconciliation of net cash provided by operating activities to operating gain:

Operating gain	2,098,070	2,560,335
<i>Non-cash flows in gain from operating activities:</i>		
Depreciation & amortisation - property, plant & equipment	2,293,011	1,870,834
Loss on disposal of fixed assets	3,516	-
Bad and doubtful debts	194,408	88,440
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(668,883)	15,591
(Decrease)/increase in trade and other payables	495,557	(188,700)
(Decrease)/increase in deferred income	(102,770)	(115,795)
Increase/(decrease) in provisions	59,515	976,881
Cash flows provided by operating activities	<u>4,372,424</u>	<u>5,207,586</u>

(c) Non cash financing and investing activities

During the current financial year the college acquired \$373,846 (2016: \$239,132) 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.
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 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
11. COMMITMENTS FOR EXPENDITURE		
(a) Hire Purchase Commitments Payable		
- not longer than one year	-	43,530
- longer than one year but not longer than five years	-	-
- longer than five years	-	-
Minimum hire purchase payments	-	43,530
Less future finance charges	-	(1,483)
Total hire purchase liability	-	42,047
Represented by:		
Current liability (Note 8)	-	42,047
Non-current liability (Note 8)	-	-
	-	42,047
The company used hire purchase funding to acquire an advanced security camera system.		
(b) Finance Lease Commitments Payable:		
- not longer than one year	300,588	381,668
- longer than one year but not longer than five years	207,783	193,678
	508,371	575,346
Less future finance charges	(21,359)	(26,548)
	487,012	548,798
Represented by:		
Current Liability (Note 8)	284,453	360,876
Non Current Liability (Note 8)	202,559	187,922
Total finance lease liability	487,012	548,798
The College used lease financing to acquire computer equipment.		
(c) Operating Lease Commitments Land:		
Payable		
- not longer than one year	688,417	661,939
- longer than one year but not longer than five years	3,040,271	2,923,337
- longer than five years	2,152,704	2,958,055
Total	5,881,392	6,543,331
Office Equipment:		
Payable		
- not longer than one year	83,358	38,994
- longer than one year but not longer than five years	87,472	15,318
- longer than five years	-	-
Total	170,830	54,312

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 2017

11. COMMITMENTS FOR EXPENDITURE (CONT'D)

During the year, the college paid rental of \$740,426 (2016: \$740,475) for the use of property owned by the Islamic Trust Fund. Operating lease commitments relate to the lease of three 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. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by the higher of consumer price index or 4%. Other lease commitments relate to office equipment leases entered into for periods of not longer than three (3) years.

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 \$740,426 (2016: \$740,475) for the use of property owned by the Islamic Trust Fund. All rental transactions are set at an arm's length basis.

During the year, two Council members had children who were enrolled at the college. These council members were also employees of the college. These Council members paid standard school fees and received the standard employee discount for student fees.

Outstanding balances of \$20,284 (2016: \$20,593) in relation to these fees are managed in accordance with debtor collection policies.

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 as Council Members during the financial year.

	2017 \$	2016 \$
Key management personnel compensation	1,178,913	1,053,647

13. CONTINGENT LIABILITIES

The incorporated association had no contingent liabilities as at 31 December 2017 and 31 December 2016.

14. EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2017 that have 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 2017**

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, *Australian Charities and Not-for-profits Commission Act 2012* 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 2017 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

17 May 2018
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 Audit of the Financial Report

Opinion

We have audited the financial report of The Islamic Schools of Victoria (Werribee College) Inc. (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of The Islamic Schools of Victoria (Werribee College) Inc. is in accordance with *Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-Profit Commissions Regulation 2012*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the entity in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act)* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act)*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The Council Members of The Islamic Schools of Victoria (Werribee College) Inc. are responsible for the other information. The other information obtained at the date of this auditor's report is information included in The Islamic Schools of Victoria (Werribee College) Inc.'s Council Report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act and the Associations Incorporation Reform Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership



Richard Dean
Partner

Melbourne, 17 May 2018