



BERRY STREET VICTORIA INC
ABN 24 719 196 762

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

TABLE OF CONTENTS

Financial Report	
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 26
Director's Declaration	27
Independent Audit Report	28 - 29

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHESIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 \$	2015 \$
Revenue from continuing operations	2	87,442,395	84,629,163
Expenses			
Program expense		(72,252,522)	(71,607,747)
Fundraising expense		(2,120,746)	(1,950,380)
Strategic Initiative expense		(3,714,017)	(2,922,070)
Administration and Infrastructure expense		(9,177,583)	(9,357,533)
Total expenses from continuing operations	3	(87,264,868)	(85,837,730)
Surplus / (deficit) before income tax		177,527	(1,208,567)
Income tax expense	1(k)	-	-
Surplus / (deficit) from continuing operations		177,527	(1,208,567)
Surplus / (deficit) for the year		177,527	(1,208,567)
Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
- Gain on revaluation of land and buildings		361,778	325,731
Items that will be reclassified subsequently to Profit or Loss when specific conditions are met:			
- Revaluation increment – financial assets		124,700	1,366,826
Other comprehensive income for the year, net of tax		486,478	1,692,557
Total comprehensive income for the year		664,005	483,990
Total comprehensive income attributable to members of the entity		664,005	483,990

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Notes	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,137,104	4,535,285
Trade and other receivables	6	1,882,508	1,992,890
Financial assets	7	10,000,000	9,478,250
Other assets	8	1,336,141	1,253,276
Assets held for sale	9	1,035,318	-
TOTAL CURRENT ASSETS		18,391,071	17,259,701
NON - CURRENT ASSETS			
Financial assets	7	33,315,941	28,235,200
Property, plant and equipment	10	8,749,144	11,667,104
Intangible assets	11	822,664	988,191
TOTAL NON-CURRENT ASSETS		42,887,749	40,890,495
TOTAL ASSETS		61,278,820	58,150,196
CURRENT LIABILITIES			
Trade and other payables	12	11,037,643	11,017,379
Grant obligations	12	5,887,759	3,704,806
Borrowings	13	291,591	487,497
Short term provisions	15	4,224,674	3,670,213
TOTAL CURRENT LIABILITIES		21,441,667	18,879,895
NON-CURRENT LIABILITIES			
Borrowings	13	42,450	263,149
Long term provisions	15	1,549,048	1,425,502
TOTAL NON - CURRENT LIABILITIES		1,591,498	1,688,651
TOTAL LIABILITIES		23,033,165	20,568,546
NET ASSETS		38,245,655	37,581,650
EQUITY			
Retained earnings		30,389,136	30,106,638
Reserves	16	7,856,519	7,475,012
TOTAL EQUITY		38,245,655	37,581,650

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Retained Earnings	Land and Buildings Revaluation Surplus	Financial Assets Revaluation Reserve	Total
Balance at 30 June 2014	31,315,205	3,594,185	2,188,270	37,097,660
Total comprehensive income for the year				
Deficit for the year	(1,208,567)	-	-	(1,208,567)
<i>Other comprehensive Income</i>				
Revaluation of land and buildings	-	325,731	-	325,731
Financial assets fair value adjustment	-	-	1,366,826	1,366,826
Total comprehensive income for the year	<u>(1,208,567)</u>	<u>325,731</u>	<u>1,366,826</u>	<u>483,990</u>
Balance at 30 June 2015	30,106,638	3,919,916	3,555,096	37,581,650
Total comprehensive income for the year				
Surplus for the year	177,527	-	-	177,527
<i>Other comprehensive income</i>				
Revaluation of land and buildings	-	361,778	-	361,778
Financial assets fair value adjustment	-	-	124,700	124,700
Total comprehensive income for the year	<u>177,527</u>	<u>361,778</u>	<u>124,700</u>	<u>664,005</u>
Transactions with owners, in their capacity as owners, and other transfers				
Transfer on sale of asset	104,971	(104,971)	-	-
Total transactions with owners and other transfer	<u>104,971</u>	<u>(104,971)</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2016	<u>30,389,136</u>	<u>4,176,723</u>	<u>3,679,796</u>	<u>38,245,655</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASHFLOWS
 FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		86,814,115	82,064,030
Interest received		428,012	451,977
Dividends received		1,719,986	1,468,786
Payments to suppliers and employees		(84,648,607)	(80,729,003)
Net cash generated from operating activities		4,313,506	3,255,790
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,303,408	821,496
Payment for property, plant and equipment		(33,527)	(459,061)
Proceeds from sale of investments		3,500,000	8,088,960
Payment for investments		(6,956,041)	(11,255,713)
Net cash used in investing activities		(2,186,160)	(2,804,318)
CASH FLOW FROM FINANCING ACTIVITIES			
Motor vehicle lease payments		(525,527)	(559,829)
Net cash used in financing activities		(525,527)	(559,829)
Net increase / (decrease) in cash held		1,601,819	(108,357)
Cash at the beginning of the financial year		12,535,285	12,643,642
Cash at the end of the financial year	5	14,137,104	12,535,285

The accompanying notes form part of these financial statements.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board, the Associations Incorporation Reform Act 2012 and the Australian Charities and Not -for- profits Commission Act 2012. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 4th October 2016 by the Board of Directors.

Accounting Policies

a) Revenue

Grant revenue is recognised in the statement of profit or loss when the Association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The Association receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

b) Gifts in Kind

During the year, the Association received gifts with a total fair value of \$401,807 through Berry Christmas Appeal and a total of 7,596 gifts through ABC Giving Tree Appeal for distribution to children, young people and families in need. For the purposes of the financial statements, the fair value for each gift received through ABC Giving Tree Appeal has been determined to be \$30, giving a total contribution of \$629,687 (2015: \$703,440). These have been recognised as income and expenditure in the statement of profit or loss in accordance with AASB 1004: Contributions. There was also a further gifting of seven loan cars to the value of \$54,034 (2015: \$54,034).

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, management has undertaken a valuation review and presented to the Board of Directors to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that has been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Plant and equipment that has been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Classes of Fixed Assets	Depreciation Rate
Buildings	3.3%
Plant and equipment	15.0% - 33.3%
Leased plant and equipment	15.0% - 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes and carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Association are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) 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 subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

e) Financial Instruments (continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. Such assets are subsequently measured at fair value with changes in carrying value being included in other comprehensive income .

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Association assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the value of the asset is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f) Fair Value of Assets and Liabilities

The Association measures some of its assets at fair value on a recurring basis, consistent with the requirements of the applicable accounting standard.

'Fair value' is the price the Association would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset (i.e., the market with the greatest volume and level of activity for the asset). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at reporting date (i.e., the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

g) Impairment of Non Financial Assets

At the end of each reporting period, the Association reviews the carrying values 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 fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Association estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

h) Employee Benefits

Short-term provisions

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are provisions (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term provisions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Association's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Long-term employee benefits

The Association classifies employees' long service leave and annual leave entitlements as provisions for long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Association's obligation for other long-term employee benefits, which is measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the subsequent measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefit expense.

The Association's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the obligations are presented as current liabilities.

i) 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.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

j) 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 the 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 presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k) Income Tax

No provision for income tax has been raised as the Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

l) Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and five years. It is assessed annually for impairment.

Property

A property was donated to the Association in June 2011. The property was donated subject to various conditions of use in relation to the running of a specific project, as such the property was considered to be treated and classified as an intangible asset with a finite life in accordance with AASB138 Intangible Assets. The property was recognised at cost which is deemed to be the fair value of the property at the time it was donated and is amortised over the period of the specific project deemed to be ten years.

m) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

n) Comparative Figures

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

o) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

p) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key Estimates

Impairment

The freehold land and buildings were independently valued in 2014-2015 by Goulburn Valley Property Services, Burnham Corporation, Leader Property Practice and CJA Lee & Associates. The valuations were based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuations resulted in a net revaluation increment of \$325,731 being recognised for the year ended 30 June 2015.

Key Judgments

Available-for-sale investments

The Association maintains a portfolio of securities with a carrying value of \$33,315,941 (2015: \$28,235,200) at the end of the reporting period. The fair value of the portfolio of securities is monitored on a monthly basis. The Board of Directors do not believe there has been a significant or prolonged decline in the value and hence no impairment has been recognised.

(q) Economic Dependence

The Association is dependent on the Department of Health & Human Services for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support the Association.

(r) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill is recognised as an asset and carried at cost less any accumulated impairment losses recognised in accordance with AASB 136: Impairment of Assets. Any gain from a bargain purchase is recognised in profit or loss in the period in which the business was acquired.

(s) Non-current assets classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(t) New Accounting Standards for Application in Future Periods

An assessment of Accounting Standards issued by the AASB that are not yet mandatorily applicable and their potential impact on the association when adopted in future periods is discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The directors do not anticipate the standard to have material impact on the association's financial instruments with the adoption of AASB 9.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although members of the committee anticipate that the adoption of AASB 16 will impact the association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(t) New Accounting Standards for Application in Future Periods (continued)

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 2: REVENUE		
a) From Operations		
State government grants	68,494,549	64,655,391
Other government grants	5,669,619	6,512,421
Other organisations	3,258,563	4,084,381
Charitable income and fundraising	3,636,606	4,028,747
Gifts in kind	683,721	757,474
Rental income	290,111	296,191
Interest received from corporations on working capital	332,117	307,448
Other (miscellaneous program income)	2,898,091	1,837,911
Bequests received	341,387	426,244
Revenue from operations	<u>85,604,764</u>	<u>82,906,208</u>
b) From Investments		
Interest received from corporations	95,895	144,529
Dividends received from corporations	1,719,986	1,468,786
Gain on disposal of investments	21,750	97,264
Unrealised capital gain on investments	-	12,376
Revenue from investment	<u>1,837,631</u>	<u>1,722,955</u>
Total Revenue from Continuing Operations	<u>87,442,395</u>	<u>84,629,163</u>

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 3: TOTAL EXPENDITURE		
Employee benefits expense		
Salaries and wages	57,287,401	55,484,741
Superannuation	5,140,780	4,880,112
Workcover	1,616,103	1,501,852
Total employee benefits expense	64,044,284	61,866,705
Non salary expense		
Depreciation and amortisation	1,041,983	1,478,997
Finance costs	108,922	140,200
Doubtful debts	(44,735)	3,819
Fundraising expense	1,447,824	1,270,588
Gifts in kind expense	683,721	757,474
Vehicle running expense	4,274,253	4,630,493
Occupancy expense	4,743,957	4,785,972
Clients' expense	2,925,584	3,494,443
Training expense	1,117,639	1,000,701
Audit, legal and consultancy expense	527,550	601,535
Administration expense	3,120,659	2,640,078
Loss on sale of non current assets	98,083	156,707
Other expense	3,175,144	3,010,018
Total non salary expense	23,220,584	23,971,025
Total Expenditure	87,264,868	85,837,730
NOTE 4: PROFIT FOR THE YEAR		
Profit has been determined after:		
Auditor remuneration		
- Audit services	50,000	48,000
- Other services	10,500	12,250
Total audit remuneration	60,500	60,250
Significant Revenue and Expenses		
Net (loss)/gain on disposal of Non Current Assets		
Property, plant and equipment		
Proceeds on disposal	1,303,408	821,496
Disposals at written down value	(1,401,491)	(978,203)
Net loss on disposals	(98,083)	(156,707)
Investments		
Proceeds on disposal	3,500,000	8,088,960
Disposals at fair value	(3,478,250)	(7,991,696)
Net gain on disposals	21,750	97,264

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT

Cash at bank	4,108,904	4,507,085
Cash on hand	<u>28,200</u>	<u>28,200</u>
	<u>4,137,104</u>	<u>4,535,285</u>

Cash at end of the financial year as shown in the Statement of Cashflows is reconciled in the Statement of Financial Position as follows:

Cash and cash equivalents	4,137,104	4,535,285
Current financial assets	<u>10,000,000</u>	<u>8,000,000</u>
	<u>14,137,104</u>	<u>12,535,285</u>

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	972,186	1,172,286
Provision for impairment	<u>(47,588)</u>	<u>(92,323)</u>
	924,598	1,079,963
Other receivables	<u>957,910</u>	<u>912,927</u>
Total current trade and other receivables	<u>1,882,508</u>	<u>1,992,890</u>

(a) Provision For Impairment of Receivables

Current trade and term receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance	Charge for The Year	Amounts Written Off	Closing Balance
	\$	\$	\$	\$
2016	<u>92,323</u>	<u>(44,735)</u>	<u>-</u>	<u>47,588</u>
	Opening Balance	Charge for The Year	Amounts Written Off	Closing Balance
	\$	\$	\$	\$
2015	<u>95,814</u>	<u>3,819</u>	<u>(7,310)</u>	<u>92,323</u>

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 7: FINANCIAL ASSETS		
CURRENT		
Financial assets at fair value through profit or loss		
- Term Deposits	10,000,000	8,000,000
Held-for-trading Australian listed shares		
- Securities in listed corporations are held for trading purposes to generate income through the receipt of dividends and capital gains.	-	1,478,250
	10,000,000	9,478,250
NON CURRENT		
Available-for-sale financial assets		
- Managed investment funds	33,315,941	28,235,200

a) Fair values of managed investment funds are based on the net asset values as supplied by the fund managers at the end of the reporting period.

b) For investments in listed shares, the fair values are based on the net asset values at the end of the reporting period as supplied by the fund managers.

NOTE 8: OTHER ASSETS

Accrued Income	628,787	515,907
Prepayments	707,354	737,369
	1,336,141	1,253,276

NOTE 9: ASSETS HELD FOR SALE

In the month of June 2016, the management decided to dispose of the property in Scott Street, Dandenong. This property is expected to be sold within 12 months and has been classified as assets held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to exceed the fair value of the property and accordingly no impairment losses have been recognised on the classification of this property as held for sale.

The property classified as held for sale are as follows:

	2016	
	\$	
Freehold land and building at fair value	1,050,000	
Less: Costs of sell	(14,682)	
	1,035,318	

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
Freehold land at fair value:	3,605,000	4,899,000
Total land	<u>3,605,000</u>	<u>4,899,000</u>
Buildings at fair value:	7,705,166	8,700,896
Less accumulated depreciation	<u>(3,287,721)</u>	<u>(3,111,437)</u>
Total buildings	<u>4,417,445</u>	<u>5,589,459</u>
Total land and buildings	<u>8,022,445</u>	<u>10,488,459</u>
PLANT AND EQUIPMENT		
At cost	4,226,943	4,406,633
Less accumulated depreciation	<u>(3,500,244)</u>	<u>(3,227,988)</u>
Total plant and equipment	<u>726,699</u>	<u>1,178,645</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>8,749,144</u>	<u>11,667,104</u>

For freehold land and buildings, the fair values are based on a directors' valuation performed taking into account an external independent valuation performed in 2014-15 year, which had used comparable market data for similar properties.

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Motor Vehicles	Furniture and Equipment	Total
	\$	\$	\$	\$
2016				
Balance at the beginning of the year	10,488,459	907,504	271,141	11,667,104
Additions	-	17,417	16,110	33,527
Reclassification to assets held for sale	(673,540)	-	-	(673,540)
Disposals	(1,319,194)	(82,297)	-	(1,401,491)
Depreciation expense	<u>(473,280)</u>	<u>(279,441)</u>	<u>(123,735)</u>	<u>(876,456)</u>
Carrying amount at end of year	<u>8,022,445</u>	<u>563,183</u>	<u>163,516</u>	<u>8,749,144</u>

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

Independent valuations of all properties (except for the property that was donated to the Association in June 2011) were performed by the following valuers, Goulburn Valley Property Services, Burnham Corporation, Leader Property Practice and CJA Lee & Associates during the months of September 2014 – December 2014 with the total valuation increment being \$325,731. The total value of land and buildings as at 30 June 2016 was \$8,022,445. The effect of the valuations were to restate the value of land and buildings from which the association has a right to the economic benefit from the asset, to fair value in the month of the valuation report.

It is the policy of the Association to revalue land and buildings every three years and this will next occur during the 2017-2018 financial year. Valuers were instructed to determine fair market values for the properties and these were based on the direct comparison approach, using recent sales of properties in the neighbourhood, making adjustments for quality and condition of improvements, aspects of the land as well as redevelopment potential.

	2016	2015
	\$	\$
NOTE 11: INTANGIBLE ASSETS		
Cost	2,160,827	2,160,827
Accumulated amortisation	(1,338,163)	(1,172,636)
Net carrying value	822,664	988,191

Intangible assets comprise:

Intranet software was purchased in 2012 and is a finite life intangible asset carried at cost less any accumulated amortisation. It has an estimated useful life of three years. It will be assessed annually for impairment.

Balance at the beginning of the year	-	34,187
Amortisation charge	-	(34,187)
	-	-

Right to use property

A property was donated to the Association in June 2011. The property was donated subject to various conditions of use in relation to the running of a specific project, including restrictions on the period of use. Accordingly, the property was classified as an intangible asset ('right-to-use') rather than a tangible asset with a finite life in accordance with AASB138 Intangible Assets. The right to use the property was recognised at cost, which is deemed to be the fair value of the property at the time it was donated, and is amortised over the period of the specific project deemed to be ten years.

Balance at the beginning of the year	988,191	1,153,266
Amortisation Charge	(165,527)	(165,075)
	822,664	988,191

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: TRADE AND OTHER PAYABLES

	Note	2016 \$	2015 \$
CURRENT			
Trade payables		498,650	744,101
Client funds		2,116,580	2,021,295
Grant obligations		5,887,759	3,704,806
Other current payables		4,969,139	4,730,466
Employee entitlements		<u>3,453,274</u>	<u>3,521,517</u>
Total trade and other payables	12a	<u>16,925,402</u>	<u>14,722,185</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables			
- Total current		16,925,402	14,722,185
- Total non current		-	-
		<u>16,925,402</u>	<u>14,722,185</u>
Less client funds		(2,116,580)	(2,021,295)
Less grant obligations		(5,887,759)	(3,704,806)
Less employee entitlements		<u>(3,453,274)</u>	<u>(3,521,517)</u>
Financial liabilities as trade and other payables	17	<u>5,467,789</u>	<u>5,474,567</u>

NOTE 13: BORROWINGS

CURRENT			
Lease liabilities – secured		<u>291,591</u>	<u>487,497</u>
NON - CURRENT			
Lease liabilities - secured		<u>42,450</u>	<u>263,149</u>
TOTAL BORROWINGS	17	<u>334,041</u>	<u>750,646</u>

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 14: LEASE COMMITMENTS		
a. Finance Lease Commitments		
Payable – minimum lease payments		
— not later than 1 year	317,422	585,137
— later than 1 year but not later than 5 years	53,175	306,644
Minimum lease payments	370,597	891,781
Less future finance charges	(36,556)	(141,135)
Present value of minimum lease payments	<u>334,041</u>	<u>750,646</u>

Finance leases on motor vehicles, of which there are 20 (2015: 36), commencing between 2012 and 2015 are one to five-year leases all with an option to purchase at the end of the lease term. No debt covenants or such arrangements are in place.

The motor vehicle lease commitments are non-cancellable finance leases contracted for with a one to five year term. No capital commitments exist in regards to the lease commitments at year-end. Increase in lease commitments may occur in line with CPI. The leases have an effective yield of 6.10% and are secured by the underlying motor vehicle.

b. Operating Lease Commitments

Payable		
— not later than 1 year	4,624,583	5,368,915
— later than 1 year but not later than 5 years	4,312,288	6,316,858
— later than 5 years	1,475,315	2,230,088
	<u>10,412,186</u>	<u>13,915,861</u>

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five year term. Increase in lease commitments may occur in line with CPI.

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: PROVISIONS

	Long Term Employee Benefits	Total
	\$	\$
Opening balance at 1 July 2015	5,095,715	5,095,715
Additional provisions raised during year	1,181,979	1,181,979
Amounts utilised	(503,972)	(503,972)
Balance at 30 June 2016	<u>5,773,722</u>	<u>5,773,722</u>

Analysis of Total Provisions

	2016	2015
	\$	\$
Current	4,224,674	3,670,213
Non-current	1,549,048	1,425,502
Total Provisions	<u>5,773,722</u>	<u>5,095,715</u>

Provision for Long Term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: RESERVES

Asset Revaluation Surplus

The asset revaluation surplus records the revaluation of land and buildings to fair value.

Financial Assets Reserve

The financial assets reserve records the revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as available-for-sale.

NOTE 17: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short term investment, accounts receivable and payable and leases.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016	2015
		\$	\$
Financial Assets			
Cash and cash equivalents	5	4,137,104	4,535,285
Loans and receivables	6	1,882,508	1,992,890
Financial assets at fair value through profit or loss			
- Term Deposits	7	10,000,000	8,000,000
Available for sale financial assets			
- Managed investment funds	7	33,315,941	28,235,200
Held for Trading:			
- At fair value			
- Shares in listed corporations	7	-	1,478,250
		<u>49,335,553</u>	<u>44,241,625</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	12a	5,467,789	5,474,567
- Borrowings	13	334,041	750,646
		<u>5,801,830</u>	<u>6,225,213</u>

NOTE 18: CASH FLOW INFORMATION

(a) Non-cash financing and investment activities

There were no non-cash financing and investment activities at 30 June 2016.

(b) Credit stand-by arrangement and loan facilities

There were no credit stand-by arrangements or loan facilities at 30 June 2016.

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits		Long-term benefits	
	Salary and fees \$	Superannuation contribution \$	Long service leave \$	Total \$
2016				
Total compensation	739,576	70,260	33,449	843,285
2015				
Total compensation	718,039	68,214	28,177	814,430

NOTE 20: CONTINGENT LIABILITIES

Included in Assets Held for Sale and Land and Buildings are three residential properties which were purchased in prior years with grants from the Department of Health and Human Services, totalling 50% of the original purchase prices. The Department asserts that it has an equitable interest of 50% in these properties and in the net proceeds of sale when realised. The association is waiting for the Department to provide a deed agreement which defines the Department's interest in these properties. It is uncertain whether the Department will be able to produce the deed agreement and therefore the association has not taken up a liability. Based on the 30th June 2016 valuations of those properties, it is estimated that a contingent liability exists for \$1,185,205 in the event of sale.

NOTE 21: RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

NOTE 22: SUBSEQUENT EVENTS

Since the end of the reporting date, the property held for sale at year end was sold on 30th July 2016 at the fair value of the property. The association is not aware of any other events that may have a bearing on the presentation and disclosure of the financial statements as at 30 June 2016.

The financial report was authorised for issue by the Board of Directors on 4th October 2016.

NOTE 23: ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:

Berry Street Victoria Inc.
 1 Salisbury Street
 RICHMOND
 VIC 3121

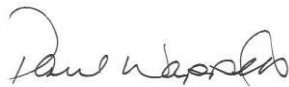
BERRY STREET VICTORIA INC
ABN 24 719 196 762

DIRECTORS' DECLARATION

In the opinion of the Board of Directors the financial report as set out on pages 3 to 26:

1. Presents a true and fair view of the financial position of Berry Street Victoria Inc. as at 30 June 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board, the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Berry Street Victoria Inc. will be able to pay its debts as and when they fall due.

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



Paul Wappett
President



Paul Mann
Chair of the Investment and Finance Committee

Dated this 4th day of October 2016.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERRY STREET VICTORIA INC

Report on the Financial Report

We have audited the accompanying financial report of Berry Street Victoria Inc (the Association), which comprises the statement of financial position as at 30 June 2016, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Director's Responsibility for the Financial Report

The directors of the Association 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, the *Associations Incorporation Reform Act 2012* and the financial requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The Directors' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In our opinion the financial report of Berry Street Victoria Inc is in accordance with the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Association's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012* and the financial reporting requirements of the *Australian Charities and Not-for-profits Regulation 2013*.

ShineWing Australia

Shinewing Australia
Chartered Accountants



Scott Phillips
Partner

Melbourne, 10 October 2016