

Prahran Mission



FINANCIAL REPORT

For the Year Ended 30 June 2008

**PRAHRAN MISSION
FINANCIAL STATEMENTS**

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Note | 2008 | 2007 |
|---------------------------|-------------|---------------|----------------|
| | | \$ | \$ |
| Revenue | 2 | 5,496,816 | 5,226,212 |
| Other income | 2 | 514,864 | 334,896 |
| Employee benefits expense | | (4,082,308) | (3,843,815) |
| Program operations costs | 3 | (1,106,951) | (915,576) |
| Repairs and maintenance | 3 | (310,680) | (246,370) |
| Depreciation | 3 | (249,603) | (212,989) |
| Finance costs | 3 | - | (50) |
| Other expenses | 3 | (178,869) | (190,592) |
| Surplus for the year | | <u>83,269</u> | <u>151,716</u> |

The accompanying notes form part of these financial statements.

**PRAHRAN MISSION
FINANCIAL STATEMENTS**

BALANCE SHEET AS AT 30 JUNE 2008

| | Note | 2008 \$ | 2007 \$ |
|--------------------------------------|------|---------------------------------|---------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 14 | 111,478 | 204,887 |
| Trade and other receivables | 5 | 45,924 | 227,407 |
| Inventories | 6 | 9,101 | 7,886 |
| Other current assets | 7 | 26,199 | 41,462 |
| Total current assets | | <u>192,702</u> | <u>481,642</u> |
| Non current assets | | | |
| Financial assets | 8 | 5,107,377 | 5,077,263 |
| Property, plant and equipment | 9 | 6,362,922 | 6,225,351 |
| Total non current assets | | <u>11,470,299</u> | <u>11,302,614</u> |
| Total assets | | <u><u>11,663,001</u></u> | <u><u>11,784,256</u></u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 717,770 | 564,823 |
| Unexpended grants | 11 | 582,488 | 620,502 |
| Total current liabilities | | <u>1,300,258</u> | <u>1,185,325</u> |
| Non current liabilities | | | |
| Long term provisions | 12 | 71,621 | 98,309 |
| Total non current liabilities | | <u>71,621</u> | <u>98,309</u> |
| Total liabilities | | <u><u>1,371,879</u></u> | <u><u>1,283,634</u></u> |
| Net assets | | <u><u>10,291,122</u></u> | <u><u>10,500,622</u></u> |
| Equity | | | |
| Retained earnings | | 7,612,029 | 7,528,760 |
| Reserves | 13 | 2,679,093 | 2,971,862 |
| Total equity | | <u><u>10,291,122</u></u> | <u><u>10,500,622</u></u> |

The accompanying notes form part of these financial statements.

**PRAHRAN MISSION
FINANCIAL STATEMENTS**

STATEMENT OF RECOGNISED INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2008

| | Retained Earnings | Asset Revaluation Reserve | Financial Assets Reserve | Total |
|--------------------------------|------------------------------|------------------------------------------|-----------------------------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2006 | 7,377,044 | 2,700,365 | 23,365 | 10,100,774 |
| Profit for the year | 151,716 | - | - | 151,716 |
| Revaluation increment | - | | 248,132 | 248,132 |
| Balance at 30 June 2007 | 7,528,760 | 2,700,365 | 271,497 | 10,500,622 |
| Surplus for the year | 83,269 | - | - | 83,269 |
| Revaluation decrement | - | - | (292,769) | (292,769) |
| Balance at 30 June 2008 | 7,612,029 | 2,700,365 | (21,272) | 10,291,122 |

The accompanying notes form part of these financial statements.

**PRAHRAN MISSION
FINANCIAL STATEMENTS**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Note | 2008 \$ | 2007 \$ |
|--------------------------------------------------------------|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Receipts from government, fees, donations and other revenue | | 5,569,987 | 5,409,580 |
| Payments to Suppliers and Employees | | (5,538,501) | (5,185,187) |
| Interest received | | 13,562 | 15,815 |
| Net cash from operating activities | 14 | <u>45,048</u> | <u>240,208</u> |
| Cash flows used in investing activities | | | |
| Proceeds from sale of plant & equipment | | 117,700 | - |
| Payments for capital works and purchase of plant & equipment | | (406,157) | (113,715) |
| Investments used (investments made) | | 150,000 | - |
| Net cash used in investing activities | | <u>(138,457)</u> | <u>(113,715)</u> |
| Cash flows from financing activities | | | |
| Loan received | | - | - |
| Loan repaid | | - | - |
| Net cash from financing activities | | <u>-</u> | <u>-</u> |
| Net increase/(decrease) in cash held | | (93,409) | 126,493 |
| Cash at beginning of financial year | | 204,887 | 78,394 |
| Cash at end of financial year | 14 | <u>111,478</u> | <u>204,887</u> |

The accompanying notes form part of these financial statements.

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is for Prahran Mission ("the Mission") as an individual entity. The Mission, which is domiciled in Australia, is an agency of the Uniting Church in Australia and is not separately incorporated.

The following is a summary of the material accounting policies adopted by the Mission in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Accounting Policies

Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the income statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, in which case they are carried forward as deferred income.

Interest revenue and distribution income from investments is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

Income tax

Prahran Mission is an income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997.

Inventories

Inventories are measured at cost, adjusted when applicable for loss of service potential.

Inventories received at no or nominal cost are initially recognised at current replacement cost at date of acquisition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, Plant & Equipment

Property

Freehold land and buildings are measured at deemed cost. In applying the transitional provisions of AASB 1041: Revaluation of Non-Current Assets, the entity has elected that the carrying value of freehold land and buildings be their deemed cost at 1 July 2003. The revised standard AASB 1041 came into effect for accounting periods ending on or after 30 September 2001 and we are able to apply its transitional provisions at 1 July 2003 as this is the first year for which a revaluation of land and buildings would otherwise be required.

The carrying value of land and buildings is reviewed periodically to ensure that the carrying value does not exceed the depreciated replacement cost.

Plant & Equipment

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

The carrying amount of plant and equipment is reviewed annually by members of the Board of Governance to ensure it is not in excess of the current replacement cost from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Mission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Decreases in the carrying amount arising on revaluation of land and buildings that offset previous increases of the same asset are charged against the asset revaluation reserve directly in equity; all other decreases are charged to the income statement.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the mission 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:

- Buildings – up to 40 years
- Motor vehicles – up to 5 years
- Furniture and equipment – up to 5 years

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

An asset's carrying amount is written down immediately to its depreciated replacement cost if the asset's carrying amount is greater than its estimated depreciated replacement cost.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, Plant & Equipment - continued

Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or 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 the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

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.

Held-to-maturity investments

These investments have fixed maturities, and it is the Mission's intention to hold these investments to maturity. Any held-to-maturity investments held by the Mission are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

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

Fair value

Fair value is determined based on quoted prices for available for sale financial assets.

Impairment

At each reporting date, the Mission assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of Assets

At each reporting date, the Mission reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the depreciated replacement cost of the asset is compared to the asset's carrying value. Any excess of the asset's carrying value over its depreciated replacement cost is expensed to the income statement.

Employee Benefits

Provision is made for the Mission's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

Provisions

Provisions are recognised when the Mission 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

Comparative Figures

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Critical accounting estimates and judgments

The Board of Governance evaluate estimates and judgments incorporated into the financial report 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 Mission.

Key judgments — Impairment

The Mission assesses impairment at each reporting date by evaluating conditions specific to the Mission that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment losses have been recognised in respect of furniture and equipment. The Board of Governance is confident that the value in use of all items of furniture and equipment exceeds their carrying value and no impairment triggers have occurred.

No impairment loss has been recognised in respect of the UCA Growth Fund investment which is classified as an available for sale financial asset in the financial statements. At balance date the value of the investment has fallen to \$21,272 below cost. The Board of Governance has reviewed the performance of the fund over the past number of years and considers the current period reduction to result from normal market volatility and is confident that the underlying assets of the fund will continue to generate the level of returns as anticipated when the asset was initially acquired.

Unexpended Grants

The Mission receives grant monies and donations which have specific conditions attached. It is mission policy to defer recognition of these grants or donations in revenue until such time as the conditions attached have been fully complied with. In the event that the mission is unable to spend the grants or donations for the purposes as specified in the applicable grant agreements the money will be refunded to the grantor.

Contributions

Prahran Mission receives non-reciprocal contributions from the government and other parties for no or a nominal value. These contributions are recognised at the fair value on the date of acquisition upon which time an asset is taken up in the balance sheet and revenue in the income statement.

Economic Dependence

Prahran Mission is dependent on the Department of Human Services for the majority of its revenue used to operate the mission. At the date of this report the Board of Governance has no reason to believe the Department will not continue to support Prahran Mission.

The financial report was authorised for issue on 15th Spetmber 2008 by the Board of Governance.

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

| | Note | 2008 \$ | 2007 \$ |
|--------------------------------------------------------------|------|-------------------------|-------------------------|
| 2. REVENUE | | | |
| Revenues from operating activities | | | |
| Fees & subsidies | | 606,291 | 771,912 |
| Government grants - operating activities | | 4,052,563 | 3,623,996 |
| Sales | | 306,984 | 327,107 |
| Uniting Church contributions | | 15,000 | 15,000 |
| Donations, bequests and trusts | | 515,978 | 488,197 |
| | | <u>5,496,816</u> | <u>5,226,212</u> |
| Other Income | | | |
| Interest | | 340,992 | 296,541 |
| Profit/(loss) on sale of assets | | 98,716 | (761) |
| Other | | 75,156 | 39,116 |
| | | <u>514,864</u> | <u>334,896</u> |
| Total revenue | | <u><u>6,011,680</u></u> | <u><u>5,561,108</u></u> |
| 3. EXPENSES | | | |
| Employee expenses | | | |
| Salaries and wages | | 3,397,994 | 3,163,549 |
| Long service leave and oncosts | | 22,917 | 29,598 |
| Superannuation | | 289,877 | 286,045 |
| Workcover | | 68,067 | 49,469 |
| Other staffing costs | | 303,453 | 315,154 |
| | | <u>4,082,308</u> | <u>3,843,815</u> |
| Programs operations costs | | | |
| Audit and accounting fees | | 25,073 | 24,025 |
| Bad debts | | 2,479 | 2,554 |
| Cartage | | 22,989 | 25,335 |
| Consultants | | 225,278 | 60,709 |
| Client related costs and purchases | | 410,342 | 386,392 |
| Food supplies | | 111,811 | 113,565 |
| Materials | | 30,051 | 32,192 |
| Motor vehicle expenses | | 61,996 | 45,206 |
| Office and administration | | 134,113 | 145,950 |
| Travel | | 10,432 | 12,310 |
| Utilities | | 58,149 | 41,076 |
| Other | | 14,238 | 26,262 |
| | | <u>1,106,951</u> | <u>915,576</u> |
| Repairs and maintenance and small equipment purchases | | 310,680 | 246,370 |

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

| 3. EXPENSES (continued) | 2008 | 2007 |
|----------------------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Depreciation or amortisation of | | |
| Buildings and improvements | 84,638 | 72,482 |
| Furniture and equipment | 80,666 | 61,616 |
| | <u>84,299</u> | <u>78,891</u> |
| | <u>249,603</u> | <u>212,989</u> |
| Interest - External | - | 50 |
| Other expenses | | |
| Rates | 14,795 | 15,429 |
| Operating lease rentals | 60,439 | 70,172 |
| Other general and administration | 103,635 | 104,991 |
| | <u>178,869</u> | <u>190,592</u> |
| Total expenses | <u><u>5,928,411</u></u> | <u><u>5,409,392</u></u> |

4. AUDITOR'S REMUNERATION

| | | |
|----------------------------------|---------------|---------------|
| Remuneration of the auditor for: | | |
| - Auditing the financial report | 18,400 | 15,500 |
| - Other services | 1,600 | 1,550 |
| | <u>20,000</u> | <u>17,050</u> |

5. TRADE AND OTHER RECEIVABLES

| | | |
|-----------------------------------------|----------------------|-----------------------|
| <i>Current</i> | | |
| Trade receivables | 42,672 | 9,951 |
| Provision for impairment of receivables | 5(i) <u>(492)</u> | <u>(1,525)</u> |
| | 42,180 | 8,426 |
| <i>Accrued revenue</i> | | |
| Aged care grants | - | 69,263 |
| Interest | - | 145,454 |
| Other | 3,744 | 4,264 |
| | <u>3,744</u> | <u>218,981</u> |
| | <u><u>45,924</u></u> | <u><u>227,407</u></u> |

(i)

Current trade receivables are generally on 30 days 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:

| | <i>Opening balance</i> | <i>Charge for the year</i> | <i>Amounts written off</i> | <i>Closing balance</i> |
|---------------------------|------------------------|----------------------------|----------------------------|------------------------|
| Current trade receivables | | | | |
| Balance at 30 June 2008 | 1,525 | 1,521 | (2,554) | 492 |
| Current trade receivables | | | | |
| Balance at 30 June 2007 | 3,478 | 14,022 | (15,975) | 1,525 |

There are no balances within trade receivables that contain assets that are not impaired and are post due. It is expected that these balances will be received when due.

6. INVENTORIES

| | | |
|-----------------------------|--------------|--------------|
| At current replacement cost | | |
| Finished goods | <u>9,101</u> | <u>7,886</u> |

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

| | 2008 | 2007 |
|---------------------------------------------|------------------|------------------|
| | \$ | \$ |
| 7. OTHER CURRENT ASSETS | | |
| <i>Prepayments</i> | | |
| Uniting Care levy | 20,626 | 20,706 |
| Other | 5,573 | 20,756 |
| | <u>26,199</u> | <u>41,462</u> |
| 8. FINANCIAL ASSETS | | |
| Non current financial assets | | |
| <i>Available for sale financial assets:</i> | | |
| Uniting Church growth funds | 1,728,715 | 1,771,487 |
| <i>Held to maturity financial assets</i> | | |
| Uniting Church common funds | 3,378,662 | 3,305,776 |
| Total non current financial assets | <u>5,107,377</u> | <u>5,077,263</u> |
| Total financial assets | <u>5,107,377</u> | <u>5,077,263</u> |
| 9. PROPERTY, PLANT AND EQUIPMENT | | |
| Land - at cost | | |
| 211 Chapel Street Prahran | 2,350,000 | 2,350,000 |
| 698-700 Malvern Road Prahran | 1,000,000 | 1,000,000 |
| | <u>3,350,000</u> | <u>3,350,000</u> |
| Buildings and improvements - at cost | | |
| 211 Chapel Street Prahran | 1,559,150 | 1,559,150 |
| 698-700 Malvern Road Prahran | 350,000 | 350,000 |
| | <u>1,909,150</u> | <u>1,909,150</u> |
| Less accumulated depreciation | <u>(284,777)</u> | <u>(237,049)</u> |
| | 1,624,373 | 1,672,101 |
| Leasehold properties ¹ | | |
| At cost | 1,005,820 | 1,005,820 |
| Less accumulated depreciation | <u>(122,650)</u> | <u>(85,740)</u> |
| | 883,170 | 920,080 |
| Motor vehicles | | |
| At cost | 477,540 | 425,577 |
| Less accumulated depreciation | <u>(240,177)</u> | <u>(292,762)</u> |
| | 237,363 | 132,815 |
| Furniture and equipment | | |
| At cost | 586,020 | 587,102 |
| Less accumulated depreciation | <u>(318,004)</u> | <u>(436,747)</u> |
| | 268,016 | 150,355 |
| Total property, plant and equipment | <u>6,362,922</u> | <u>6,225,351</u> |

¹ Leasehold properties include buildings in Glen Waverley and Blackburn South built on land leased from Monash City Council and the Uniting Church respectively.

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Vehicles and equipment include restricted purpose assets provided by program funding for the programs as follows:

| | 2008 | 2007 |
|-------------------------|-------------|-------------|
| | \$ | \$ |
| Motor vehicles | 237,359 | 132,815 |
| Furniture and equipment | 143,288 | 101,288 |

(a) Beneficial use

The Land and buildings recorded on the Balance Sheet of Prahran Mission are registered in the name of The Uniting Church in Australia Property Trust (Victoria). Prahran Mission has beneficial use of the properties for the purpose of running Prahran Mission's programs but at the same time, Prahran Mission is responsible for any renovations and maintenance.

b) 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 | Buildings and Improvements | Leasehold Properties | Motor Vehicles | Furniture and Equipment | Total |
|--------------------------------------|------------------|---------------------------------------|---------------------------------|---------------------------|----------------------------------------|------------------|
| 2008 | | | | | | |
| Balance at the beginning of the year | 3,350,000 | 1,672,101 | 920,080 | 132,815 | 150,355 | 6,225,351 |
| Additions | - | - | - | 203,174 | 202,983 | 406,157 |
| Disposals | - | - | - | (14,328) | (4,655) | (18,983) |
| | - | (47,729) | (36,909) | (84,299) | (80,666) | (249,603) |
| Carrying amount at end of year | 3,350,000 | 1,624,372 | 883,171 | 237,362 | 268,017 | 6,362,922 |
| 2007 | | | | | | |
| Balance at the beginning of the year | 3,350,000 | 1,719,829 | 897,790 | 211,706 | 144,891 | 6,324,216 |
| Additions | - | - | 47,045 | - | 67,839 | 114,884 |
| Disposals | - | - | - | - | (760) | (760) |
| Depreciation expense | - | (47,728) | (24,755) | (78,891) | (61,615) | (212,989) |
| Carrying amount at end of year | 3,350,000 | 1,672,101 | 920,080 | 132,815 | 150,355 | 6,225,351 |

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

| 10. TRADE AND OTHER PAYABLES | 2008 | 2007 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| <i>Current</i> | | |
| Trade payables and accruals | 221,442 | 26,834 |
| Group tax and GST payable | 56,857 | 96,976 |
| Accrued audit fees | 20,000 | 10,051 |
| Accrued salaries | 87,572 | 110,819 |
| Provision for annual leave | 181,699 | 186,584 |
| Provision for long service leave | 88,269 | 70,940 |
| Provision for sick leave | 61,931 | 62,619 |
| | <u>717,770</u> | <u>564,823</u> |

11. UNEXPENDED GRANTS

| | | |
|--------------------------------------------------------|----------------|----------------|
| <i>Current</i> | | |
| Department of Adult, Community and Further Education | - | 750 |
| Department of Human Services | 144,472 | 316,777 |
| Department of Families, Housing, Community Services | 116,987 | - |
| Specific purpose donation funding for capital projects | 211,000 | 90,000 |
| Specific purpose donations, trust and others | 110,029 | 212,975 |
| | <u>582,488</u> | <u>620,502</u> |

Unexpended grants relate to amounts received for a specific purpose and are recognised in revenue when the related expenses are incurred.

12. PROVISIONS

| | <i>Long Term</i> | | | |
|------------------------------------------|------------------|-------------------|----------------|----------------|
| | <i>Employee</i> | | <i>Annual</i> | |
| | <i>Benefits</i> | <i>Sick Leave</i> | <i>Leave</i> | <i>Total</i> |
| Opening balance at 1 July 2007 | 169,249 | 62,619 | 186,584 | 418,452 |
| Additional provisions raised during year | 15,010 | 40,155 | 125,096 | 180,261 |
| Amounts used | (24,369) | (40,843) | (129,981) | (195,193) |
| Balance at 30 June 2008 | <u>159,890</u> | <u>61,931</u> | <u>181,699</u> | <u>403,520</u> |

| | 2008 | 2007 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| Analysis of Total Provision | | |
| Current | 331,899 | 320,143 |
| Non-current | 71,621 | 98,309 |
| | <u>403,520</u> | <u>418,452</u> |

13. RESERVES

a. Asset Revaluation Reserve

The asset revaluation reserve was used to record increments and decrements in the value of non-current assets. The reserve reflects historical revisions to the carrying value of land and buildings prior to the accounting policy for these non-current assets reverting to deemed cost at 1 July 2003.

b. Financial Assets Reserve

The financial assets reserve records revaluation of available for sale financial assets.

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

| 14. CASH AND CASH EQUIVALENTS | 2008 | 2007 |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|
| | \$ | \$ |
| Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows: | | |
| Cash at bank | <u>111,478</u> | <u>204,887</u> |
| Reconciliation of Cash Flow from Operations with Profit for the year | | |
| Profit for the year | 83,269 | 151,716 |
| Depreciation | 249,603 | 212,989 |
| Profit/(loss) on sale of assets | (98,716) | 760 |
| Reinvested interest & distribution revenue | (472,884) | (252,521) |
| <i>Changes in assets and liabilities</i> | | |
| (Increase)/decrease in inventories | (1,215) | 1,041 |
| (Increase)/decrease in accrued revenue | 215,237 | (10,373) |
| (Increase)/decrease in debtors | (33,754) | (1,238) |
| (Increase)/decrease in prepayments | 15,263 | (1,885) |
| Increase/(decrease) in unexpended grants | (38,014) | 127,689 |
| Increase/(decrease) in creditors | 141,190 | 7,411 |
| Increase/(decrease) in provisions | <u>(14,931)</u> | <u>5,379</u> |
| Net cash flows from operating activities | <u>45,048</u> | <u>240,968</u> |

There are no credit standby arrangements or unused cash facilities at 30 June 2008.

15. LEASING AND CAPITAL COMMITMENTS

The Uniting Church in Australia Property Trust (Victoria) holds a lease on behalf of Prahran Mission for the rental of premises for which Prahran Mission is financially responsible.

Minimum lease payments:

| | | |
|---------------------------------------------------|----------------|----------------|
| Within 1 year | 57,404 | 28,700 |
| Later than one year but not later than five years | 124,461 | 112,018 |
| Greater than five years | - | - |
| Total operating lease commitments | <u>181,865</u> | <u>140,718</u> |

Prahran Mission has no capital commitments in existence at the reporting date of this report which have not been recognised as liabilities.

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

16. FINANCIAL INSTRUMENTS

a Financial Risk Management Policies

The Mission's financial instruments consist mainly of deposits with banks, investment in growth funds and accounts receivable and payable.

The Mission does not have any derivative instruments at 30 June 2008.

i. Treasury risk management

A finance committee consisting of senior committee members meet on a regular basis to analyse financial risk exposure and to evaluate treasure management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial risk Exposures and Management

The main risks the Mission is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The majority of the Missions financial assets are invested in floating interest rate funds and are subject to fluctuate based on changes in the market interest rate. This is risk is managed by investing in low risk funds

Liquidity risk

Prahran Mission manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained

Credit risk

Prahran Mission does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by the Mission.

b Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

| | Weighted Average Effective Interest Rate | | Floating Interest Rate | | Non interest bearing | | Total | |
|------------------------------------|------------------------------------------|-------|------------------------|------------------|----------------------|----------------|------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | % | % | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>(i) Financial assets</i> | | | | | | | | |
| Cash | 4.00% | 5.00% | 111,478 | 204,887 | - | - | 111,478 | 204,887 |
| Trade and sundry debtors | - | - | - | - | 42,180 | 8,426 | 42,180 | 8,426 |
| Accrued revenue | - | - | - | - | 3,744 | 218,981 | 3,744 | 218,981 |
| Other financial assets | 6.48% | 6.23% | 5,107,377 | 5,077,263 | - | - | 5,107,377 | 5,077,263 |
| Total financial assets | | | 5,218,855 | 5,282,150 | 45,924 | 227,407 | 5,264,780 | 5,509,557 |
| <i>(ii) Financial liabilities</i> | | | | | | | | |
| Trade creditors and accruals | - | - | - | - | 385,871 | 244,680 | 385,871 | 244,680 |
| Total financial liabilities | | | - | - | 385,871 | 244,680 | 385,871 | 244,680 |

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

16. FINANCIAL INSTRUMENTS (cont'd)

| | 2008 | 2007 |
|-----------------------------|----------------|---------------|
| | \$ | \$ |
| Trade payables | | |
| Less than 6 months | 221,441 | 26,834 |
| 6 months to 1 year | - | - |
| Total trade payables | <u>221,441</u> | <u>26,834</u> |

c Net fair values

For all financial assets and liabilities net fair values approximate their carrying value at balance sheet date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets are at balance date:

| | 2008 | | 2007 | |
|---------------------------------------------------|------------------------|-----------------------|------------------------|-----------------------|
| | Carrying Amount | Net Fair Value | Carrying Amount | Net Fair Value |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Available-for-sale financial assets at fair value | 1,728,715 | 1,728,715 | 1,771,487 | 1,771,487 |
| Held to Maturity | 3,378,662 | 3,378,662 | 3,305,776 | 3,305,776 |
| | <u>5,107,377</u> | <u>5,107,377</u> | <u>5,077,263</u> | <u>5,077,263</u> |

17. CHANGES IN ACCOUNTING POLICY

The following Australian Accounting Standards issued or amended and are applicable to the entity but not yet effective and have not been adopted in preparation of the financial statements at reporting date.

| AASB Amendment | Standards Affected | Outline of Amendment | Application date of standard | Application date for Entity |
|-----------------------------------------------------------|---------------------------|--------------------------------------|-------------------------------------|------------------------------------|
| AASB 2007-6 Amendments to Australian Accounting Standards | AASB 1 | First time adoption of AIFRS | 1.1.2009 | 1.7.2009 |
| | AASB 101 | Presentation of Financial Statements | | |
| | AASB 107 | Cash Flow Statements | | |
| | AASB 111 | Construction Contracts | | |
| | AASB 116 | Property, Plant and Equipment | | |
| | AASB 138 | Intangible Assets | | |

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

17. CHANGES IN ACCOUNTING POLICY (Cont'd)

| AASB Amendment | Standards Affected | Outline of Amendment | Application date of standard | Application date for Entity | |
|-----------------------------------------------------------------------|---------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------|
| AASB 123 Borrowing Costs | AASB 123 | Borrowing costs | As above | 1.1.2009 | 1.7.2009 |
| AASB 2007-8 Amendments to Australian Accounting Standards | AASB 101 | Presentation of Financial Statements | The revised AASB 101: Presentation of financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of recognised income and expenditure. | 1.1.2009 | 1.7.2009 |
| AASB 101 | AASB 101 | Presentation of Financial Statements | As above | 1.1.2009 | 1.7.2009 |
| AASB 1004 | AASB 1004 | Contributions | The revised AASB 1004: Contributions has been based on the review of the requirements of AAS 27: Financial Reporting by Local Governments, AAS 29: Financial Reporting by Government Departments and AAS 31: Financial Reporting by Governments. Specific considerations have been made in relation to Contributions, Liabilities Assumed by other Entities, Government Department Disclosures Relating to Revenue, Restructures of Administration Arrangements and Compliance with Parliamentary Appropriations and Other Externally-Imposed Requirements by Government Department, to ensure that these are appropriately addressed in AASB 1004. It is not expected that the revisions to AASB 1004 will result in a material change to the recognition and measurement policies of the entity. | 1.7.2008 | 1.7.2008 |

**PRAHRAN MISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

18. REGISTERED OFFICE AND PRINCIPAL ACTIVITY

The registered office of Prahran Mission is:

Prahran Mission
211 Chapel Street
Prahran Vic 3181

The principal activity of Prahran Mission is the direct relief of poverty and hardship and the provision of support services to people with severe and long term mental illness and subsequent psychiatric disabilities.

19. RELATED PARTIES TRANSACTIONS

During the year the Mission paid for insurance to Uniting Church of Australia \$7,915 (2007: \$27,675) and a Synod levy of \$41,251 (2007: 41,412). The Mission received from the Uniting Church of Australia contributions of \$15,279 (\$2007: 13,000).

The amounts invested with UCA Cash Management Fund Limited and UCA Growth Fund Limited are as disclosed in note 8 to the financial statements

No remuneration or other benefits were received by members of the Board of Governance with the exception of salary paid to employees who served on the Board in their capacity as an employee of the Mission.

Key Management personnel compensation is as follows:

| | Short term benefits | Post employment benefits | Total |
|--------------------|------------------------|--------------------------------|---------|
| 2008 | | | |
| Total compensation | 566,634 | 50,997 | 617,631 |
| 2007 | | | |
| Total compensation | 566,077 | 45,269 | 611,347 |

The number of positions included in the key management personnel compensation above is 7 (2007: 7)

20. MEMBERS OF THE BOARD OF GOVERNANCE

Members of the Board of Governance who held office during the year were:

| | |
|---------------------|--------------------------------|
| Ms. Paula Bailey | (appointed 12th November 2007) |
| Mr. Richard Carter | |
| Ms. Heather Carter | (retired 12th November 2007) |
| Dr. Sarah Davies | |
| Ms. Romy Dwosh | (appointed 12th November 2007) |
| Ms. Melanie Eagle | (retired 12th November 2007) |
| Dr. Elizabeth Frank | |
| Mr. Quinn Pawson | |
| Mr. Peter Prasser | |
| Mr. Bill Rush | |
| Dr. Sally Wilkins | (retired 5th June 2008) |

21. EVENTS AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the year that significantly affected or may affect the operations of Prahran Mission.

PRAHRAN MISSION
STATEMENT OF THE BOARD OF GOVERNANCE

In the opinion of Prahran Mission's Board of Governance, the financial report as set out in pages 1 to 19

- (a) presents fairly the position of Prahran Mission as at 30 June 2008 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards board; and
- (b) at the date of this statement, there are reasonable grounds to believe that Prahran Mission will be able to pay its debts as and when they fall due.

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

R J CARTER
Board of Governance

Q PAWSON
Executive Director

Melbourne
[15th September 2008](#)

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF GOVERNANCE OF PRAHRAN MISSION**

Report on the Financial Report

We have audited the accompanying financial report of Prahran Mission, which comprises the balance sheet as at 30 June 2008 and the income statement, statement of recognised income and expenditure and the cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Responsibility for the Financial Report

The board of governance of the mission is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and mandatory professional reporting requirements in Australia. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.


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

Independence

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

Auditor's Opinion

In our opinion, the financial report of Prahran Mission presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Prahran Mission as at 30 June 2008, and the results of its activities and its cash flows for the year then ended.


MOORE STEPHENS
Chartered Accountants


Grant Silcock
Partner

Melbourne, 16 September 2008

PARTNERS
Stephen L. Adlam
Simon A. Allan
Marco S. Carli
John Claude Cassin
Iain K. Kinnear
Dennis L. J. McDonald
David L. Mathison
Kevin W. Neville

Moore Stephens ABN 39 533 389 331
Level 14, 607 Bourke Street, Melbourne VIC 3000
Telephone: +61 3 9614 4444 Facsimile: +61 3 9614 6009
Email: melbourne@moorestephens.com.au Web: www.moorestephens.com.au

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Stephen L. O'Hara
Tim B. O'Keefe
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Grant M. Silcock
Tim L. Stillwell
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Dennis Toth