

Anchor Inc.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$	\$
INCOME			
General Income		1,681,821	1,665,703
Fostercare		45,708	150,363
Disabilities		22,450	54,340
Placement Support Grants		24,025	24,777
Members Subscriptions		200	240
Donations		10,677	10,811
Interest		42,292	28,400
Rental Income		10,998	10,722
Special Projects		183,500	71,185
Profit on sale of Assets		24,243	22,785
Other		104,885	15,286
Total Income		2,150,799	2,054,612
EXPENDITURE			
Fostercare		56,311	157,345
Staff Costs		1,560,975	1,380,366
Computer Costs		6,807	10,828
Depreciation		45,547	44,409
Motor Vehicle Expenses		121,807	113,733
Property Costs		114,111	131,665
Communication Costs		39,146	37,241
Utilities		18,681	18,093
Bank Fees & Charges		1,175	1,149
Printing & Stationery		12,870	18,786
Marketing Expenses		7,016	21,505
Consulting Fees		41,242	12,710
Postage		1,754	1,760
Governance Costs		16,711	17,593
Special Projects		191,063	53,670
Other Expenses		5,470	13,858
Total Expenses		2,240,686	2,034,711
(Deficit)/Surplus from ordinary activities		(89,887)	19,901
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR			
		384,574	357,067
Transfer from Asset Revaluation Reserve		-	7,606
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		294,687	384,574

The accompanying notes form part of this financial report.

Anchor Inc.

BALANCE SHEET AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents		779,724	673,048
Receivables	2	11,105	41,780
Prepayments		18,532	14,943
Other	3	2,245	5,041
TOTAL CURRENT ASSETS		811,606	734,812
NON-CURRENT ASSETS			
Property Plant & Equipment	4	358,544	405,702
TOTAL NON-CURRENT ASSETS		358,544	405,702
TOTAL ASSETS		1,170,150	1,140,514
CURRENT LIABILITIES			
Trade and Other Payables	5	107,694	106,111
Grants received in advance		457,987	331,123
Provisions	6	64,520	83,369
TOTAL CURRENT LIABILITIES		630,201	520,603
NON-CURRENT LIABILITIES			
Provisions	7	37,869	27,944
Other	8	53,425	53,425
TOTAL NON-CURRENT LIABILITIES		91,294	81,369
TOTAL LIABILITIES		721,495	601,972
NET ASSETS		448,655	538,542
MEMBERS' FUNDS			
Assets transferred	1g	153,968	153,968
Asset revaluation reserve	9	-	-
Retained profits		294,687	384,574
TOTAL MEMBERS' FUNDS		448,655	538,542

The accompanying notes form part of this financial report.

Anchor Inc.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grant receipts		1,681,821	1,665,703
Donations received		10,677	10,811
Fostercare Income		53,607	237,567
Other Income		393,077	117,172
Payments to suppliers and employees		(2,041,579)	(2,002,183)
Interest received		42,292	23,359
Net cash provided by operating activities	10	139,895	52,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed asset purchases		(210,806)	(81,122)
Proceeds from sale of fixed assets		177,587	253,600
Net cash provided by/(used in) investing activities		(33,219)	172,478
Net increase in cash held		106,676	224,907
Cash at the beginning of the financial year		673,048	448,141
Cash at the end of the financial year		779,724	673,048

The accompanying notes form part of this financial report.

Anchor Inc.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (Vic). The committee has determined that the association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Act (Vic) and the following Australian Accounting Standards:

AAS 5 Materiality

AAS 8 Events Occurring After Reporting Date

No other applicable Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

a. **Fixed Assets**

Leasehold improvements and office equipment are carried at cost, less, where applicable, any accumulated depreciation.

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

b. **Revenue Recognition**

Government and specific grants are recognised as revenue on their receipt, except where the grant is to be expended in the following year. The unexpended portion is recognized as a liability in the balance sheet.

Bank interest is recognised on receipt and all income is stated net of GST

c. **Employee Entitlements**

Provision is made for the company'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 which includes annual leave and sick leave have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than seven years being long service leave have been measured at the present value of the estimated future cash outflows to be made for those benefits.

d. **Cash**

For the purposes of the Statement of Cashflows, cash includes cash on hand, at bank and term deposits.

e. **Income Tax**

Anchor Inc. has been endorsed as an income tax exempt charitable entity and a gift recipient under the provisions of the Income Tax Assessment Act.

f. **Comparative information**

Where necessary the previous years figures have been reclassified to facilitate comparisons.

g. **Assets Transferred**

Assets transferred as reflected in the equity section of the balance sheet represent the value of assets brought under the control of Anchor Inc from the transfer of the operations of the Knox Community Support services Inc.

Anchor Inc.

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

	2008	2007
	\$	\$
NOTE 2: Receivables		
Trade Debtors	11,105	41,780
Less Provision for Doubtful Debts	-	-
Total Receivables	11,105	41,780
NOTE 3: Other		
Accrued Income	1,750	5,041
Security Deposits	495	-
Total Other	2,245	5,041
NOTE 4: Property Plant and Equipment		
Office Equipment, Furniture & Fittings at Cost	176,127	175,995
Less Accumulated Depreciation	(119,274)	(91,579)
	56,853	84,416
Motor Vehicle at Cost	377,382	402,355
Less Accumulated Depreciation	(77,027)	(98,114)
	300,355	304,241
Computer Equipment at Cost	57,379	55,241
Less Accumulated Depreciation	(56,043)	(38,196)
	1,336	17,045
 Total Property Plant and Equipment	 358,544	 405,702

Anchor Inc.

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

	2008	2007
	\$	\$
NOTE 5: Creditors		
Trade Creditors	11,095	34,690
Accruals	36,251	17,845
Sundry Creditors	60,348	53,576
Total Creditors	107,694	106,111
NOTE 6: Provisions - Current		
Provision for Annual Leave	61,749	64,774
Provision for Sick Leave	2,771	8,353
Provision for Workcover	-	10,242
Total Provisions - Current	64,520	83,369
NOTE 7 : Provisions - Non Current		
Provision for Long Service Leave	36,869	26,944
Provision for Carer Reimbursement	1,000	1,000
Total Provisions – Non Current	37,869	27,944
NOTE 8: Other - Non Current		
Grants in Advance	53,425	53,425
	53,425	53,425
NOTE 9: Asset Revaluation Reserve		
Balance at 1 st July 2007	-	7,606
Amount transferred during the year on sale of property	-	(7,606)
Balance as at 30 th June 2008	-	-

Anchor Inc.

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

	2008	2007
	\$	\$
NOTE 10: Statement of Cash Flows		
Reconciliation of Net Cash provided by Operating Activities to surplus/deficit from Ordinary Activities for the year		
(Deficit)/Surplus for the Year	(89,887)	19,901
Add Non Cash Items		
Depreciation	104,620	103,222
Profit on Sale of Assets	(24,243)	(27,987)
Changes in Net Assets and Liabilities		
Decrease / (Increase) in Receivables and Prepayments	29,882	(18,959)
Increase / (Decrease) in Creditors and Accruals	128,448	(16,741)
Increase / (Decrease) in Provisions	(18,849)	(92,539)
Increase/ (Decrease) in Other Liabilities	9,924	85,532
Net Cash Provided by Operations	139,895	52,429

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ANCHOR INC.

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Anchor Inc. which comprises the balance sheet as at 30 June 2008, the income statement, statement of cash flows, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements of the Associations Incorporation Act (Vic) and are appropriate to meet the needs of the members. The committee's responsibilities also include 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. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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 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 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting under the Associations Incorporation Act (Vic). We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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 Anchor Inc. presents fairly, in all material respects the financial position of Anchor Inc. as of 30 June 2008 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

The Field Group –Audit
Chartered Accountants
September 2008

Gavin Fraser
Partner
Chirnside Park