



Cire Services Inc Financial Report 2017

CIRE SERVICES INC.
ABN 51 933 700 538

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

CIRE SERVICES INC.
ABN 51 933 700 538
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	3,094,297	1,353,715
Trade and other receivables	4	174,455	71,893
TOTAL CURRENT ASSETS		<u>3,268,752</u>	<u>1,425,608</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,496,077	3,020,535
Investments		10,000	10,000
TOTAL NON-CURRENT ASSETS		<u>2,506,077</u>	<u>3,030,535</u>
TOTAL ASSETS		<u>5,774,829</u>	<u>4,456,143</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	905,661	557,268
Provisions	7	430,280	281,762
Borrowings	8	49,814	4,776
TOTAL CURRENT LIABILITIES		<u>1,385,755</u>	<u>843,806</u>
NON-CURRENT LIABILITIES			
Provisions	7	27,036	43,074
Borrowings	8	248,644	344,969
TOTAL NON-CURRENT LIABILITIES		<u>275,680</u>	<u>388,043</u>
TOTAL LIABILITIES		<u>1,661,435</u>	<u>1,231,849</u>
NET ASSETS		<u>4,113,394</u>	<u>3,224,294</u>
EQUITY			
Accumulated surplus		4,073,394	3,184,294
Asset revaluation reserve		40,000	40,000
TOTAL EQUITY		<u>4,113,394</u>	<u>3,224,294</u>

The accompanying notes form part of this financial report.

CIRE SERVICES INC.
ABN 51 933 700 538
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	12 Months to 31 December 2017 \$	18 Months to 31 December 2016 \$
Revenue	9,576,383	10,967,769
Employee expenses	(6,271,652)	(8,170,788)
Operational expenses	(1,173,149)	(1,425,936)
Rent and utilities	(212,736)	(294,793)
Depreciation	(116,876)	(113,380)
Advertising	(51,487)	(71,583)
Equipment	-	(40,612)
Borrowing costs	(7,051)	(73,008)
Impairment expense	(834,713)	(164,000)
Doubtful debts expense	(19,619)	(109,595)
Surplus/ (deficit) before income tax	<u>889,100</u>	<u>504,074</u>
Income tax expense	-	-
Total comprehensive income	<u><u>889,100</u></u>	<u><u>504,074</u></u>

The accompanying notes form part of this financial report.

CIRE SERVICES INC.
ABN 51 933 700 538
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Accumulated Surplus \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2015		2,680,220	190,000	2,870,220
Surplus/ (deficit) for the period		504,074	-	504,074
Revaluation		-	(150,000)	(150,000)
Balance at 31 December 2016		<u>3,184,294</u>	<u>40,000</u>	<u>3,224,294</u>
Balance at 1 January 2017		3,184,294	40,000	3,224,294
Surplus/ (deficit) for the period		889,100	-	889,100
Balance at 31 December 2017		<u>4,073,394</u>	<u>40,000</u>	<u>4,113,394</u>

The accompanying notes form part of this financial report.

CIRE SERVICES INC.
ABN 51 933 700 538
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	12 Months to 31 December 2017 \$	18 Months to 31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		10,386,170	11,133,490
Interest received		31,848	-
Interest paid		(7,051)	(67,963)
Payments to suppliers and employees		(8,191,967)	(10,009,900)
Net cash provided by/ (used in) operating activities	11	<u>2,219,000</u>	<u>1,055,627</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(427,131)	(78,979)
Proceeds from sale of property, plant and equipment		-	562,302
Net cash used in investing activities		<u>(427,131)</u>	<u>483,323</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(51,287)	(519,779)
Net cash from/ (used in) financing activities		<u>(51,287)</u>	<u>(519,779)</u>
Net increase/ (decrease) in cash held		1,740,582	1,019,171
Cash and cash equivalents at beginning of financial year		1,353,715	334,544
Cash and cash equivalents at end of financial year	11	<u><u>3,094,297</u></u>	<u><u>1,353,715</u></u>

The accompanying notes form part of this financial report.

CIRE SERVICES INC.
ABN 51 933 700 538
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Note 1: Summary of Significant Accounting Policies

These financial statements cover Cire Services Inc as an individual entity. Cire Services Inc is an incorporated association.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Associations Incorporation Reform Act 2012*. The entity is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accrual 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.

(a) Income Tax

The entity is exempt for income tax purposes.

(b) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present. The recoverable amount is assessed as the depreciated replacement cost of an asset.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over their useful lives from the time the asset is held ready for use.

Leasehold improvements are depreciated over the estimated useful life of the asset, and does not take into consideration the lease term.

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

Buildings	1%
Leasehold improvements	20%
Plant & equipment	10%-20%
Motor vehicles	23%

(c) Leases

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

CIRE SERVICES INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction 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 fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest* method.

The *effective interest* method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over 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 amount with a consequential recognition of income or expense in profit or loss.

(i) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) that has occurred, which has an impact on the estimated future cash flows of the financial asset(s). Impairment losses are recognised in the statement of comprehensive income.

CIRE SERVICES INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Derecognition

Financial assets are derecognised where the contractual right 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 discharged, cancelled or expire. The difference between the carrying amount of the financial liability 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.

(e) Impairment of Assets

At the end of each reporting period, the entity 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 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 the statement of comprehensive income.

(f) Employee Provisions

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year of the end of the reporting period have been measured at the amounts expected to be paid when the liability is settled. 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. In determining the liability, consideration is given to employee wage increases and related on-costs and the probability that the employee may not satisfy any vesting requirements. The estimated cash outflows are discounted using market yields on national government bonds with maturity terms that match the expected timing of cash outflows.

Obligations for long term employee benefits are classified as non-current except where there is no unconditional right to defer payment, in which case they are presented as current.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) Trade and Other Debtors

Trade and other debtors include amounts due from customers for events, services, and goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(i) Revenue and other income

Non-reciprocal grant revenue is recognised in profit or loss when the entity 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.

When grant revenue is received whereby the entity 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.

Revenue from the sale of goods and rendering of a service is recognised upon the delivery of the goods or service to the customer.

Donations, fundraising revenue and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

(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 Tax Office.

Receivables and payables in the statement of financial position are shown inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Trade and Other Payables

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

(l) Critical Accounting Estimates and Judgments

The entity evaluates 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 entity.

(m) Change of Balance Date

On 4 August 2015, the Committee of Management resolved to change the balance date of the Association from 30 June to 31 December, effective as of 1 July 2015. This has resulted in a reporting period of 1 January 2017 to 31 December 2017 and the comparative period of 1 July 2015 to 31 December 2016.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	12 Months to 31 December 2017	18 Months to 31 December 2016
	\$	\$

Note 2: Revenue

Government grants	5,995,452	6,004,150
Childcare benefit	1,016,162	1,566,352
Childcare fees	1,064,095	1,738,608
Community living (in home care)	514,412	606,039
Minor grants	210,804	178,152
Course fees	743,059	530,695
Dividends and interest	32,399	5,045
Profit on sale of assets	-	338,728
Total revenue	<u>9,576,383</u>	<u>10,967,769</u>

2017	2016
\$	\$

Note 3: Cash and Cash Equivalents

Cash at bank	<u>3,094,297</u>	<u>1,353,715</u>
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Note 4: Trade and Other Receivables

Trade debtors	203,379	181,518
Provision for doubtful debts	(28,924)	(109,625)
	<u>174,455</u>	<u>71,893</u>

CIRE SERVICES INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Note 5: Property, Plant and Equipment		
Land at cost	375,000	375,000
Buildings at cost	2,702,097	2,646,854
Less accumulated depreciation and impairment	(995,097)	(136,020)
	<u>1,707,000</u>	<u>2,510,834</u>
Leasehold improvements at cost	91,281	16,582
Accumulated depreciation	(16,314)	(9,698)
	<u>74,967</u>	<u>6,884</u>
Motor vehicles at cost	296,328	134,757
Less accumulated depreciation	(129,698)	(94,360)
	<u>166,630</u>	<u>40,397</u>
Plant and equipment at cost	664,337	532,379
Less accumulated depreciation	(327,857)	(280,959)
Less provision for impairment	(164,000)	(164,000)
	<u>172,480</u>	<u>87,420</u>
Total property, plant and equipment	<u>2,496,077</u>	<u>3,020,535</u>

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

	Land	Buildings	Leasehold	Motor	Plant & Equip	Total
	\$	\$	improve	Vehicles	\$	\$
	\$	\$	\$	\$	\$	\$
Balance at the beginning	375,000	2,510,834	6,884	40,397	87,420	3,020,535
Additions	-	55,243	74,699	161,571	134,893	426,406
Disposals	-	-	-	-	-	-
Impairment expense	-	(833,988)	-	-	-	(833,988)
Depreciation expense	-	(25,089)	(6,616)	(35,338)	(49,833)	(116,876)
	<u>375,000</u>	<u>1,707,000</u>	<u>74,967</u>	<u>166,630</u>	<u>172,480</u>	<u>2,496,077</u>

	2017	2016
	\$	\$
Note 6: Trade and Other Payables		
Trade creditors	219,004	105,795
Other payables	291,100	174,454
Accrued expenses	88,847	86,750
GST payable	306,710	190,269
	<u>905,661</u>	<u>557,268</u>

CIRE SERVICES INC.
ABN 51 933 700 538
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Note 7: Provisions		
CURRENT		
Annual leave	307,403	226,502
Long service leave	122,877	55,260
	<u>430,280</u>	<u>281,762</u>
NON-CURRENT		
Long service leave	<u>27,036</u>	<u>43,074</u>
Note 8: Borrowings		
CURRENT		
Bendigo Bank loans (a)	49,814	-
Chattel mortgage	-	4,776
	<u>49,814</u>	<u>4,776</u>
NON-CURRENT		
Bendigo Bank loans (a)	<u>248,644</u>	<u>344,969</u>
	<u>248,644</u>	<u>344,969</u>

(a) The Bendigo Bank loans are secured over Cire Service property and a fixed and floating charge over all assets of the entity.

Note 9: Cash Flow Information

Cash in the statement of cash flows is reconciled to the statement of financial position

Cash and cash equivalents	3,094,297	1,353,715
	<u>3,094,297</u>	<u>1,353,715</u>
	12 Months to	18 Months to
	31 December	31 December
	2017	2016
	\$	\$
Reconciliation of cash flows from operating activities		
Surplus/ (deficit) after income tax	889,100	504,074
Depreciation	116,876	113,380
Impairment	834,713	164,000
(Profit)/ loss on sale of property, plant & equipment	-	(338,728)
Decrease/ (increase) in trade and other receivables	(102,562)	433,435
Increase/ (decrease) in trade and other payables	348,393	85,673
Increase/ (decrease) in provisions	132,480	93,793
Net cash provided by/ (used in) operating activities	<u>2,219,000</u>	<u>1,055,627</u>

CIRE SERVICES INC.
ABN 51 933 700 538
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$

Note 10: Commitments

Future operating lease for rental of premises and for equipment, not provided for in the financial statements and payable:

No later than one year	107,302	111,485
Later than one year, but no later than five years	447,929	389,318
Later than five years	262,243	225,712
	817,474	726,515

Note 11: Contingent Assets and Contingent Liabilities

There are no contingent assets or contingent liabilities at balance date.

Note 12: Events After the Reporting Period

There have been no events after the reporting period requiring disclosure.

Note 13: Key Management Personnel Compensation

Any person having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including committee members, is considered key management personnel.

The totals of remuneration paid to key management personnel of the entity during the year are as follows:

	12 Months to 31 December 2017 \$
Key management personnel compensation	749,949

Note 14: Other Related Party Transactions

There are no other related party transactions.

CIRE SERVICES INC.
ABN 51 933 700 538
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$

Note 15: Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, loans to related entities, accounts receivable and payable.

The carrying amounts for each category of financial instruments are as follows:

Financial assets

Cash and cash equivalents	3,094,297	1,353,715
Loans and receivables	174,455	71,893
Total financial assets	<u>3,268,752</u>	<u>1,425,608</u>

Financial liabilities

Financial liabilities at amortised cost:

Trade and other payables	905,661	557,268
Borrowings	298,458	349,745
Total financial liabilities	<u>1,204,119</u>	<u>907,013</u>

Note 18: Entity Details

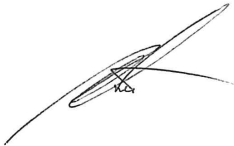
The registered office and principal place of business of the entity is:
2463 Warburton Highway
Yarra Junction Vic 3797

**CIRE SERVICES INC.
COMMITTEE DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Board of Cire Services Inc , declare that:

1. The financial statements and notes are in accordance with the *Associations Incorporation Reform Act 2012* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position of the association as at 31 December 2017 and of its performance for the year then ended.
2. At the date of this declaration, there are reasonable grounds to believe that Cire Services Inc will be able to pay its debts as and when they fall due.

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



Name: Vivienne Cunningham-Smith

Position: Chair



Name: Andrew Hunter

Position: Treasurer

Date: 20/03/2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Cire Services Inc

Opinion

We have audited the accompanying financial report of Cire Services Inc ("the Entity"), which comprises the statement of financial position as at 31 December 2017, 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 committee declaration.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Cire Services Inc as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Committee for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Committee is responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Justin Brook
Director
GippsAudit Pty Ltd

Date: 20 March 2018
Place: Sale